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Near East & South Asia

PAKISTAN

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23 June 1992

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International Affairs

U.S. Called Biggest Enemy of Muslim World

92AS1001A Peshawar MASHRIQ 19 Apr 92 p 10

[Article by Fazal Rabi Rahi: "Who Is the Biggest Enemy of the Muslim World? If the Islamic World Does Not Awake Now, the Enemies of Islam Will Destroy Muslim Countries One by One"]

[Text] After the disintegration of the Soviet Union, the United States, as the only remaining super power, is successfully digging its terrible claws into the world's body. The fact that the United States is increasingly getting its own way illegally in different parts of the world clearly proves that henceforth whatever the United States wants, it will get. After the demise of the Soviet Union, the United States now regards the Islamic world as the single effective power, which can prove a formidable obstacle to its future plans, become a counterbalance to the United States and fill the vacuum in the international balance of power. The United States is afraid of the emergence of the expected defense and economic bloc composed of Iran, Turkey, Pakistan, and the newly liberated Central Asian states and is determined to punish Islamic countries one by one for uncommitted crimes. First, it started a war between Iran and Iraq and weakened their economy and defense; it then encouraged Iraq to occupy Kuwait and brought Iraq to the brink of destruction. It is now falsely accusing Libya of the 1988 bombing of a Pan American passenger plane and wants to bind it hand and foot in unjust U.N. economic sanctions; American aggression against Libya is also a possibility.

According to reports circulating in the international press, the United States may launch a second aggressive attack on Iraq; Iran is also on the U.S. terrorist hit list after which it is predicted that Pakistan will become the target, for Pakistan's nuclear capacity has created unending imaginary dangers in the minds of the United States and other Islam hating powers. The government of Pakistan has reiterated its position on many occasions that it believes in the peaceful uses of nuclear energy and intends to use nuclear technology to control its energy crisis. But the United States, who cannot see the open activities of its illegitimate child Israel to acquire nuclear power or India's stockpile of nuclear weapons, professes concern over Pakistan's nuclear program for peaceful purposes. The United States is, so to say, investing in the dream of the nuclear programs of India and Israel. Reliable sources report that the United States will supply [to India] F-16 planes; AWACs, the latest in aerial surveillance; various kinds of satellites; A5-type cannons; systems for launching and controlling missiles and the latest radar systems; in exchange, India will allow U.S. warships and submarines to use the facilities of its Vishakapatnam harbor.

In order to please India, the United States has in the past ignored India's dangerous nuclear preparations and supplied it with super computers used in the latest nuclear weapons. Since the fall of the Soviet Union, the United States has been taking an extraordinary interest in India's defense preparations. In the last few months, high-level military officials of both countries have held several rounds of talks; and now Pentagon officials have been quoted to the effect that India is being supplied with the latest war planes, cannons, air surveillance systems, and electronic equipment; all this is aimed at maintaining Indian hegemony in South Asia and when needed, unleashing India's destructive defensive power against Pakistan. After receiving all these weapons, India will be armed even more dangerously; it already has the largest stockpile of destructive weapons in the region and is considered the world's third-largest possessor of dangerous weapons. Because of the U.S. supply of even greater quantities of destructive weapons to India, the balance of power in the region will be badly upset and the countries of the area, including Pakistan, will feel a much greater pressure to increase their own defensive preparations. The U.S. supply of arms to India will harm efforts to decrease tensions between India and Pakistan and the presence of U.S. warships in Indian ports will have a negative effect on the region's safety and political stability; U.S. relations with other countries of the region will be adversely affected by this U.S. agreement with India.

It is ironic that on the one hand, the United States refuses to supply Pakistan with the planes and weapons already paid for under an agreement, and, on the other hand, the United States wants to supply dangerous weapons and planes to an aggressive country like India. This divisive and two-faced policy pursued by the United States demonstrates that to attain its illegal aims, the United States considers it an ordinary matter to break international laws and agreements. In the Middle East, the United States has appointed Israel as the evil scoundrel against the Islamic countries; and in South Asia, the United States has the abominable plan of achieving its aims by making India a mini-super power against Islamic countries especially Pakistan. If in this dangerous situation, Muslim countries are not taking any steps to unite and cooperate in a joint defense effort, what can one call it except a great misfortune for Muslims?

If the Islamic world does not awaken from its sleep of ignorance now, the United States and other Islam hating powers will conspire to make Muslim countries, one after another, targets of their aggression so that even if in the future the Muslim world should awaken to the need for unity, it will not be able to do anything; and the United States and other Islam hating powers will have such a strong grip on the Muslims that they will not be able even to cry over their own destruction.

U.S. Said To Target Kahuta Nuclear Reactor

92AS1002A Karachi JANG in Urdu (Supplement)
4 May 92 p VI

[Article by Aziz Bin Zaheer: "Kahuta's Nuclear Installations and American Designs"]

[Text] Before the Soviet armed forces left Afghanistan, Israel made plans to attack Pakistan's nuclear installations. It had asked permission from the Indian Government to use an air base in either northwestern India or in Kashmir. However, the Indian Government, perhaps at the insistence of the United States of America, refused to give this permission to Israel. Israel itself was advised by Washington not to attack Kahuta. The main reason for this was that the United States needed Pakistan's cooperation on the Afghan front at that time. Now that it does not need this cooperation, it is possible that the of Yasser 'Arafat, president of the PLO, is correct in saying that Israel is ready to attack Pakistani nuclear installations at America's insistence. [sentence as published]

The latest activity of the United States is telling China not to sell Chinese-made missiles to Pakistan. These missiles, known as M-11's, have a range of 180 kilometers. John J. Fiaka, commentator on military affairs for the U.S. daily, the WALL STREET JOURNAL, referred to U.S. Government sources, stating that the U.S. Government has received concrete information about the Chinese missile deal. It has not yet been learned, however, whether these missiles have reached Pakistan or not. In order to stop the sale of these missiles to Pakistan, the U.S. Government is using an international agreement for controlling missile technology. China does not recognize this treaty. Mr. Gary Mulholland, director of the Wisconsin Project, a U.S. organization with the goal of stopping nuclear proliferation, has made it clear through research findings that in spite of assurances given by China to the U.S. Government, Chinese missiles are still being provided to Pakistan.

After such publicity about Pakistan's nuclear program, it would not be surprising for the United States to ask India and Israel to quietly attack Pakistan's nuclear installations.

It is important to mention here that the airplanes at the Pakistani nuclear installations are made in the United States of America. Since the United States has suspended the provision of spare parts for these airplanes, our government could have problems in security measures. It is very important to overcome these problems.

Mr. Mohammed Nawaz Sharif, prime minister of the Islamic Democracy of Pakistan, has emphasized in every public meeting and foreign conference that our nuclear program is for peaceful purposes, and that its goal is to move our country from the rank of developing countries

to that of an industrialized nation. He has also said that there will be no compromise in this context. The prime minister has insisted that we are not using our nuclear program for military purposes. Instead, we are using it for developmental projects in our country. This is our right, and at no cost shall we give up this right.

If the whole issue is limited to this, then there should be no problem in satisfying the United States of America. However, during the late General Ziaul Haq's time, the United States complained that in spite of his assurances that Pakistan was not trying to manufacture nuclear weapons, it had achieved such success in enriching uranium at the nuclear plant in Kahuta that it had the capability of making a nuclear bomb.

The fact is that the spy satellites sent into space by the former Soviet Union are capable of taking photographs of such projects. It would be wholly wrong to think that any of our projects were secret from the United States of America. The U.S. Government had adopted the attitude of "looking the other way" until today, because it needed Pakistan's services for its fight in Afghanistan. As long as the late General Ziaul Haq helped U.S. policy in Afghanistan, the United States stayed silent about the Kahuta project. We continued to receive substantial amounts of aid, as well as F-16 airplanes. We were also showered with U.S. weapons and ammunition.

The situation has changed with time. The Soviet Union has disintegrated. Washington has started to implement its new world order program. Most of the goals of these plans are evident to us. One goal that is directly related to Pakistan is to make India so militarily strong that it can confront China. Thus, all Chinese interference in South Asia would be stopped. Indian diplomacy has also shown some miracles that it has been taking advantage of with governments in both Washington and Moscow.

The intelligence collected by the United States about our nuclear technology was gathered with Indian cooperation. India wants Pakistan's nuclear technology to be destroyed from its roots, so that Pakistan's military power becomes totally ineffective.

President Bush has said that the principles used to break up Iraq's power can be used for attacking countries across the Persian Gulf. Perhaps he was pointing towards Pakistan. All these new world orders and rules are devised to totally destroy Islamic governments.

There is something to ponder over. If our Afghan policy had made the Soviet Union angry, India is continually accusing us of helping Kashmiri freedom fighters and Sikh separatists, and it is using this as a threat to start a war against, and the United States still considers us to be a thorn in its side is it not our duty to give up emotional slogans and unrealistic plans and instead adopt a realistic attitude to protect us from all future dangers?

Foreign Aid to Country Seen Drying Up

92AS0991I Karachi DAWN in English 11 May 92 p 11

[Article by Shahid Kardar: "The Gloomy Aid Outlook"]

[Text] The recent Aid-to-Pakistan Consortium meeting in Paris did not bring good tidings for Mr Sartaj Aziz, the Finance Minister, which partly explains why he was not his normal ebullient self upon his return.

After the short and sweet introduction comprising platitudes, the hard and painful facts were laid out. Worsening macroeconomic and social sector imbalances were the central theme of the mournful dirge. Concerns were expressed about the worsening balance of payments in the shape of imports exceeding exports by almost \$2.5 billion, in a situation characterised by declining remittances and annual debt servicing requirements of over \$1.5 billion, the monetary expansion that is fuelling inflation, the post-budget concessions given by the government in the face of stretched resources and a budget deficit having gone haywire, the lack of priorities and the poor quality of investments—with an oblique reference to the Lahore-Islamabad Motorway.

The Consortium members reminded the Pakistanis that successive governments had been living it up by mortgaging the future, willfully abdicating their responsibility to the nation regarding fiscal virtue. Although the 1991-92 budget sought to bring about readjustment of the economy, the pattern of government otherwise was business as usual. In their view, the seriousness of the overall budgetary deficit had not been realised, or if realised, not properly attended to.

They pointed out that the slippages are taking place, not only because of the resource constraints (the problem being compounded by a fiscal deficit running out of control), which is hindering the availability of counterpart rupees for implementing a large number of projects, and the diversion of scarce resources to projects of low or dubious priority, but also because of the failure of the government to fulfill loan conditionalities. This had left them with no choice but to withhold the release of funds.

They asked the government to mobilise additional resources, in particular from the hitherto untaxed sectors and by curbing defence expenditure, especially now that India has cut its defence budget in real terms.

They also complained that not only was the pace of implementation of these projects slower than originally planned, but also the sustainability of a large proportion of them is in jeopardy because of inadequate allocations for operations and maintenance.

A noteworthy feature of recent Consortium meetings, and this one was no exception, has been the coordination between the givers so as to achieve policy changes favoured by them. Pressures to that end are being intensified in all directions.

What, however, must have caught the most attention of the Consortium members was that the same Finance Minister who had informed them last year that the budget deficit for 1990-91 was 5.8 percent of the GDP [Gross Domestic Product] was now telling them that the deficit was, in fact, a wee bit higher—8.8 percent of the GDP—owing to a small error in calculations of almost Rupees 30 billion. But then what is a few billion among friends? They must have been bemused by the explanation that the reports reaching them about the 1991-92 deficit being on track to cross the Rupees 100 billion barrier were merely rumours and that the picture was less bleak, because a major portion of last year's deficit had in actual fact been incorrectly posted into the ledger accounts for this year! Contrary to what had been portrayed throughout the year by the government's opponents as this year's extravagance was actually the extravagance committed last year. This year, therefore, the deficit had been brought down from Rupees 89 billion to Rupees 72 billion.

The problem essentially related to the previous year and although there was a slippage this year as well, it had grown because of improved utilisation of foreign aid. In other words, the bulk of the higher-than-targeted deficit was because of greater efficiency in moving aid stuck in the pipeline. Had the government performed just as badly as in the past and aid disbursements had been slow, the deficit would have been smaller. But then the donors would have complained about large volumes of aid stuck in the pipeline. With 1990-91 behind us, we should look to the future and that Mr Sartaj Aziz, on behalf of Mr Nawaz Sharif's government, promised to balance the books in accordance with the IMF's [International Monetary Fund] dictates by the close of the fiscal year 1992-93.

In response, the Consortium members, on the one hand, only agreed to indicate a possible assistance of U.S.\$2.3 billion, representing in real terms (if it eventually becomes a commitment), a level lower than that of 1987-88 (if U.S. aid is excluded from the commitments of previous years) and, on the other hand, made disbursements contingent upon the government's allocation for, and performance in, the social sectors. To introduce a directional shift in priorities, the Consortium members decided to set aside U.S.\$500 million for the social sectors, requiring the Government of Pakistan to raise funds to match this contribution. It would, however, require a flight of fancy to imagine that a government whose major priority, despite the poor social indicators, is the construction of the Rupees 2 billion Lahore-Islamabad Motorway, can, or would even want to, mobilise resources of such magnitude for education and health, particularly the former which many in government associate with striking students, poor quality, and law and order problems—matters that in their view cannot be corrected by an enhancement in allocation. The bulk of the remaining \$1.8 billion is in the shape of project aid. This, however, has little significance in view of the government's inability to furnish the counterpart rupee funds required to meet project implementation deadlines.

It is an interesting reflection of the topsy-turvy times that we live in that this concern on the continuously disappointing performance of the social sectors should be shown by the same international lending agencies that

had no moral qualms, until recently, about pouring in over \$3 billion a year into a country that, although ruled by a military dictatorship, was still regarded as the last outpost of the free world, and that they should have suddenly woken up to the fact that Pakistan spends far too much on defence and next to nothing on the development of human capital.

This year, the World Bank and the IMF, pleased with the directional shift in the government's policies and the bold economic reforms that it has initiated in respect of deregulation and liberalisation (combined with the political pressure on the IMF to aid Pakistan having committed large funds for India), have been rather accommodating in accepting the large deterioration in the fiscal balance. What position they will take as the 1992-93 fiscal year progresses remains to be seen.

The events at the Consortium, however, leave little doubt that Pakistan will have to face up to the situation in which aid flows, particularly of the concessional variety, will decline consistently. Therefore, at a time of growing constraints on international financial flows, there is a sharp unprecedented expansion in the need for development funds. It is clear that if there is no visible increase in either concessional funding or in financing from private sources, particularly following the fiasco of the Foreign Currency Bearer Certificates, and with the metaphorical wolf knocking at the door, Mr Sartaj Aziz will have little choice but to lead us, yet again, into the IMF's parlour with all that it will entail in terms of more stringent conditionalities. The question that will then require answering is whether this government has the political determination and will to implement such a programme. The evidence to date on this score is rather flimsy.

New Visa Policy for Foreign Investors

92AS1001C Karachi JANG in Urdu 4 May 92 p 3

[Editorial: "Visa Policy for Foreign Investors"]

[Text] The government has announced a new visa policy aimed at promoting foreign investment and foreign trade and removing obstacles encountered by foreign investors. Under the new policy, three-year multiple visas will be issued to investors and businessmen from 42 countries who have significant investments in Pakistan; also, to promote industrial cooperation, Pakistani businessmen and industrialists will be able to invite foreign investors under a sponsorship visa. The softer visa policy is one more link in the chain of revolutionary and far-reaching reforms in the various sectors of the national economy undertaken by the government with the aim of attracting foreign investors. Because of the high labor costs and limited markets in developed countries, developing countries offer an attractive avenue of investment. Thailand, Malaysia, Taiwan, and South Korea have taken full advantage of this opportunity by bringing their financial, trade, and industrial policies in line with new economic demands and as a result, these countries have now taken

their place among the newly industrialized nations. Unfortunately, Pakistan failed to harmonize its policies with the new world economic demands and trends and as a result, we were to a large extent, deprived of foreign investment. We fell behind in exports and our resources are so now limited that we are continually faced with deficit budgets and have to obtain loans even for our development programs. In order to save the country from its economic crisis and attract foreign investment, the present government initiated reforms in banking, foreign exchange, trade and industry and, to bring these reforms to the attention of foreign investors, held an investment conference. There is at present a keen competition internationally to attract foreign investment and many countries are offering incentives to lure foreign investors. We can compete with these countries and attract foreign investment if, in addition to other factors, we offer unusual concessions and facilities. It is hoped that the present visa policy will help in encouraging greater foreign investment in the country.

Regional Affairs

Analyst Sees Indo-Israeli Conspiracy Against Muslims

92AS0992E Peshawar THE FRONTIER POST
in English 5 May 92 p 6

[Article by Khalil Qureshi: "Indo-Israeli Tie Against Muslims"; quotation marks as published]

[Text] Hindu India and the Jewish state of Israel have officially established full-fledged diplomatic relations, but unofficially they had been very close even before these formal ties. Actually India, following its favourite policy of duplicity, did not want to offend Palestinians and the Arabs, so it kept up a pro-Arab stance, although she always cooperated with Israel secretly. This was the natural outcome for the two rabid anti-Muslim states to join hands against the Muslim Ummah.

An Indian columnist writing in INDIA TODAY (Shekhar Gupta) has termed the full diplomatic relations between the two countries as a "fruitful relationship between the only two genuine democracies in the Asian landmass stretching from the Mediterranean to the Bay of Bengal." On the other hand, the Israelis have given great importance to the acknowledgement of 'legitimacy' by India because of "deep and visible fascination for the nation." Israelis are happy that India is the only country where Jews were never persecuted, though they (Jews) had been persecuted in all countries of the world at one time or the other for their nefarious activities through ages. They were a demented nation with an unfortunate past and perhaps future too. This process has continued from the time of Hazrat Musa (AS).

Both Israel and India have grabbed lands forcibly, the former has occupied Jerusalem, Golan Heights and part of Jordan, the latter has occupied Kashmir, Hyderabad, Junagadh, etc. They have developed joint 'expertise' in

dealing with what they consider terrorism at the field level and also international, at political as well as legal levels. "We saw some of that when Israelis were kidnapped in Kashmir. It was primarily terrorism aimed against India," said Benjamin Netanyahu, a member of the Israeli coalition, without explaining what these "Israeli terrorists were doing in the house boat." In fact it was the Israeli help to India to crush Kashmiris.

For both, India and the Jewish state of Israel, the killing of Muslims in the occupied areas, is a common cause. They had been cooperating with each other in the anti-Muslim plots long before they decided to establish full-fledged diplomatic ties. Said the JERUSALEM POST, an English daily from the occupied Jerusalem, controlled by the Jews: "The argument that the Islamic world would side with Pakistan if India moves closer to Israel does not carry much weight. Islamic countries would naturally favour Pakistan under any circumstances."

The Indian and Israelis also talked of tactical and political cooperation in the "war against terrorism" and shared security perceptions and even nuclear proliferation as both countries have constantly refused to sign the NPT [Non Proliferation Treaty].

What are the common factors between the two 'democracies' and what benefit they get from each other. Israel says she has much to offer India in the fields of agricultural technologies, irrigation and drought-prone areas and health programmes. Likewise, India has "vast and advanced pool of scientists" and the two countries can cooperate in other projects, plus India is a very big market.

Another common thing about the two 'democracies' is to fight against "terrorism"—for what both countries have done in Jordan, Syria and Egypt, and in the occupied Kashmir; forcible occupation of the Hyderabad (Decan), Junagadh and Manavadar, and later Goa. Both of them are against the Muslim brotherhood and trying their best to create dissensions among the worldwide fraternity.

After long diplomatic exchanges and civilities, it was found that there is nothing common in beliefs and practices between the two nations.

Jews believe in monotheism whereas the Hindus practise idolatry and worship hundreds of gods. There is no fixed code of ethics for Hindus but the Jews have strict laws governing their individual as well as collective existence. Hindus have the worst type of caste system in the world, but Jews claim to be the 'chosen people' of God. Hindus are against all religions.

The rabid Hindus never touch another man because they get 'dirty'. In actual life, they just use cow dung for their kitchens and use urine of cows to make themselves pure. A Hindu will eat with a dog from the same plate but if a low-caste Hindu passes within a 10-foot distance of the

Brahman, the high caste Hindu gets dirty. He will go and drink cow's urine to make him clean again.

Their common meeting point is not to fight "terrorism" but to spread "terrorism" among the innocent civilians fighting for liberation of their occupied lands by the Israelis and the Indians.

We hope their joint move [to] terrorise the Muslim in the occupied territories does not succeed.

Islamic Countries Urged To Oppose New World Order

92AS1001B Peshawar MASHRIQ in Urdu
26 Apr 92 p 10

[Article by Chaudhary M.A. Shayda "Islamic Unity Against the New World Order Is Badly Needed Now"]

[Text] I will try to point out a few things in regard to the attitude of the United States towards Muslim countries. A look around the world shows that the United States is trying to harm the Muslims in various ways. Knowledgeable people will agree that the manner in which the Western and in particular the U.S. press has been targeting some Muslim countries for criticism shows that the United States is deliberately trying to present these Muslim countries as opponents of its [plans] for world peace and security. There are certain other indications pointing to such a plan. The British SUNDAY TIMES and SUNDAY EXPRESS have expressed the view recently that Iran, Iraq and Libya will have nuclear weapons in the next three years; the publications have further expressed fears that the three countries may form a nuclear bloc with the Muslim Central Asian states. The U.S. military board [sic] recently recommended to the U.S. Government that it prepare a plan to target the nuclear and nonnuclear weapons of its opponents; the board further suggested that in order to bolster its prestige internationally and increase the trust of developing countries, the United States voluntarily reduce by half its long range missiles.

Certain Western covert agencies have expressed concern that prior to the arrival of the U.N. inspection team, Iraq may have secretly transferred 10 tons of uranium to Algeria. These sources claim that Algeria is building a nuclear reactor in a town about 150 km south of the capital with the help of Chinese and Iraqi experts. The attitude of the Western media towards Iran has been hostile since the Iranian revolution but now the U.S. media are including Iran among the countries that are secretly building nuclear weapons. They are trying to portray Iran as a major military power in the Gulf which, because of its Islamic fundamentalist bent, could pose a danger to Western powers and their interests. Libya has been constantly accused of aiding and sheltering international terrorists and now it is claimed that Libya is busily trying to acquire the capability to build nuclear weapons, which would endanger both European and U.S. interests and Western security. The economic and political pressure being applied by the United States on

Pakistan to abandon its nuclear program could be intended to prevent Pakistan from joining any future union with other Muslim countries especially the newly liberated Central Asian States. During his recent visit to Germany, U.S. secretary of defense tried to convince the West that the greatest danger to it came from the Islamic world. The statements of Senator Larry Pressler, creator of the Pressler Amendment, during his recent visit to India confirm the fact that the United States is creating a bogus threat of Islamic fundamentalism in order to induce other countries including Western countries to join it in the new cold war against Muslim countries.

It is interesting to note here that the prophesies of the 16th century European astrologer, Nostradamus, which he wrote in narrative form, are being given great publicity in the West. A film was made in the seventies based on his predictions, which proved very popular internationally; another film based on his prophesies has been recently made with added material showing Iran and some other Muslim countries plunging the world into nuclear war at the end of this century, establishing an Islamic government in Europe and creating great destruction throughout the world. On the U.S. list of dangerous Muslim countries, Iraq is first followed by Iran, Pakistan, Syria, Libya, and Algeria and now the Muslim Central Asian countries have also been included in the list. It appears that in its propaganda campaign, the United States has divided Islamic countries into two groups and is trying to prove that the countries included in the list could be dangerous to international peace whereas those not listed are either friendly or neutral countries. The question is, will the people of Europe and the United States accept the propaganda of their governments and media of communication to the effect that a few developing Muslim countries could pose a danger to Western interests and world peace as well. Obviously, Western governments find it difficult to force this propaganda down the throats of their people; hence, for the last two years, Western media have been constantly putting out news, commentaries, surveys, reports and false statistics purporting to show the increasing tide of Islamic fundamentalism and hostility towards the West among Muslims.

International television stations are also presenting a similar picture in order to create the same impression among the people of the United States, Europe and other countries. The tragic fact is that developing countries also have publications, capable journalists, broadcasters, and writers but they lack the facilities and resources possessed by Western journalists and writers. In view of the present world situation, Muslim countries should establish close relations with other developing countries and by utilizing the United Nations as a platform, create an international communication organization which, if not the equal of the Western media, would at least be able to explain the truth to the people of Europe and the United States. There are two things fundamental to humanity: one, the desire for life and two, the desire for self-expression. Individuals unite in order to pursue and

achieve a common goal and if a political, social or economic system negates their identity or unity, they raise their voices against it as happened in Iran and in the Soviet Union. There are numerous such examples in history; noteworthy among them are the French revolution; the German revolution and the industrial revolution in England. It is the moral and social responsibility of the media of communication and writers of Muslim countries to acquaint the people of the West with the true identity of Islam and remove the ambiguities and wrong impressions created in their minds. The West and other non-Muslim countries should be informed of the fact that Islam means peace, security and truth; there is no place in Islam for prejudice, oppression, and the exploitation of man by man. Islam has the flexibility and natural depth to fulfill the political, social, and economic demands of the time. In view of the world situation and the attitude of antagonistic forces, all Muslim countries should study conditions coolly and attentively and decide upon a course of action. Intelligence rather than enthusiasm is the need of the moment, for the decisions we make today will affect the future generations.

Amanullah Khan Interviewed on Solution in Kashmir

*92AS1002B Karachi JANG in Urdu (Supplement)
4 May 92 pp IV*

[Interview with Amanullah Khan by Hamid Mir; place and date not given]

[Text] The person whose name has been repeated in the Kashmiri freedom struggle again and again by national and international news media since January 1992 is Amanullah Khan. Even those who are opposed to his political beliefs will openly admit the fact that his appeal to cross the control line and his related efforts have brought the attention of the whole world to Kashmir. Some people say that Amanullah Khan is an American agent. Others accuse him of being an Indian agent. However, there are many people who consider him the greatest Kashmiri freedom fighter after Maqbul Butt. When Maqbul Butt established the Jammu and Kashmir National Liberation Front in 1965, Amanullah Khan was with him. Maqbul Butt was hanged in 1984. In 1988, Amanullah Khan established a new organization by the name of the Jammu and Kashmir Liberation Front (JKLF). This organization started guerrilla activities against the Indian armed forces in Kashmir. After the establishment of the JKLF, many freedom-fighting organizations, such as the Hizb-i al-Mujaheddin, were established. However, the JKLF, because of its goal of an independent Kashmir, has been questioned from day one. Recently, when on 11 February and later on 30 March, Amanullah Khan declared his plan to cross the control line, he became very popular. At the same time, he was greatly criticized and accused of many things. We held a detailed interview with Amanullah Khan about his life and his beliefs. The details of this interview are being presented below.

[Mir] Some circles have made the accusation that Amanullah Khan has been sent by the superpower to Pakistan to implement its plans of a new world order, and that the slogan for an independent Kashmir is actually a part of this strategy. Can you tell us where you stand on this?

[Khan] I have been hearing of the new world order recently. However, my political life began in 1948 in Hinduwada High School in occupied Kashmir. I was elected general secretary of the school's student union. At that time, I started to take part in our country's freedom struggle by working with teachers at school. I was admitted to S.P. College, Sri Nagar. In October 1951, when we led protest marches after Pakistani Prime Minister Liaquat Ali's assassination, the police started to follow me. I moved to Sialkot by way of Jammu. I later moved to Karachi, where I started an English-language magazine called VOICE OF KASHMIR in January 1962. This magazine helped to spread the concept of independence in Kashmir. I later established a Kashmir committee for the unity of Afro-Asians (?) with the help of Malik Maraj Khalid and Barrister Samin Khan. On 4 April 1965, I held a vote on Jammu-Kashmir and later established the Jammu-Kashmir National Liberation Front in Sialkot. When Maqbul Butt returned to Kashmir after escaping jail in occupied Kashmir, he was called an Indian agent. Anybody who talks about an independent Kashmir is called a traitor. At the time of the October 1970 elections, Sardar Abdul Qayum Khan said that anyone who talked about an independent Kashmir should be drowned in the Jhelum River. This very Sardar Qayum had himself sent a message via G.M. Mufti in 1970 that the NLF [National Labor Federation] and the organization called Al-Mujahid should cooperate. I refused, however, because I did not trust Sardar Qayum. Later, when Ashraf Qureshi and Hashim Qureshi hijacked the Indian airplane, the Ganges, according to our plan, Sardar Qayum sent us a message again. He said that if he was credited with the hijacking of the airplane, he would help us in any way we wanted. We refused again. Therefore, we have been avoiding Sardar Qayum and did not even talk to him for a long time. I have been talking about an independent Kashmir since 1962. The new world order is a new thing. Therefore, those who try to relate the idea of an independent Kashmir with the new world order should get their conspiratorial brains examined by a doctor.

[Mir] There is another accusation, that the hijacking of the Ganga airplane was also an Indian conspiracy.

[Khan] The Ganga case was started in 1971 and continued until May 1975. The court declared Ashraf Qureshi a great freedom fighter and released him with full honors. However, Hashim Qureshi was sentenced to 14 years of prison. He was given the right to appeal to the Supreme Court. In 1980, he was also released. In its decision, the court declared me a supporter of an independent Kashmir; however, none of us was called to an Indian agent. During this case, Maqbul Butt's statement in court became very famous. He said in his statement

that those who called us Indian agents were actually enemies of Pakistan. I consider his statement to be correct even today.

[Mir] In your opinion, what would be the best solution to the Kashmir problem?

[Khan] The Indian and Pakistani armed forces could be recalled from occupied Kashmir and Azad Kashmir, and this whole area should be put under the United Nations. After five years, a referendum should be taken, in which the people would be asked to decide whether they wanted to join Pakistan or India or have an independent Kashmir. This would resolve the Kashmir problem.

[Mir] However, in the opinion of some people, an independent Kashmir is not only against the idea of two-nation theory, but is also against the law that gave independence to India.

[Khan] I would like to ask you what happened to the two-nation theory after East Pakistan was separated. In addition, the idea of an independent Kashmir is not against the law that provided independence to India. This law applied only to the areas under British rule. Jammu and Kashmir were semi-independent states, and semi-independent states had the right to either join India or Pakistan or remain independent. Quaid-i Azam said clearly on 17 June 1947 that the semi-independent states of the subcontinent had the right under the Indian independence law of 1947 to affiliate themselves with India or Pakistan or to remain totally independent.

On 10 July 1947, Quaid-i Azam repeated his statement. Both of these statements can be found in the files of the PAKISTAN TIMES. If the idea of a two-nation theory included the semi-independent states, then Pakistan should not have annexed the Hindu majority state of Juna Gardh. At the same time, it should not have supported the total independence of Hyderabad Deccan.

[Mir] The opponents of an independent Kashmir say that Jammu and Kashmir are part of the subcontinent and must therefore be part of either India or Pakistan.

[Khan] Is not Bangladesh part of the subcontinent? Why is it not annexed to India or Pakistan? Kashmir, during its 6,000 years of history, was an independent country for three-fourths of this time. The Muslims have ruled Kashmir for 480 years. Of these, Kashmir was independent for 240 years. The main problem between India and Pakistan is Kashmir. If Kashmir were made an independent nation, then this problem would be resolved.

[Mir] Kashmir has neither a seaport nor a strong industrial or trade structure. How will the economy of an independent Kashmir function?

[Khan] Over 25 percent of the world's independent countries do not have seaports. If Jammu and Kashmir are forcibly divided, then it could earn enough money to run the government by selling fruits and timber. With

the help of international monetary organizations, an independent Kashmir can be economically self-dependent in a short time.

[Mir] Can an independent Kashmir create a strong defense force?

[Khan] Switzerland is also a beautiful country, like Kashmir. It is located between Germany and France. However, because of its nonaligned policy, Switzerland managed to be safe even during World War II. Similarly, countries like Austria and Sweden are also neutral. An independent Kashmir can also protect itself with a nonaligned foreign policy. An independent and neutral Kashmir can become the Switzerland of Asia, and Sri Nagar can become its Geneva. Jammu and Kashmir has a larger population than 103 of the world's 160 countries. It is larger than 25 of the 42 Muslim countries.

[Mir] Some Western nations have suggested that Jammu be given to India, Azad Kashmir be given to Pakistan, and the Kashmir Valley be made an independent country. What is your reaction to this proposal?

[Khan] I reject this proposal. We want an independent nation made up of Jammu, the Kashmir Valley, and Azad Kashmir, as well as the northern region around it.

[Mir] Your opponents claim that there are more people in Kashmir who support its annexation to Pakistan. They claim that even the JKLF in occupied Kashmir supports the idea of joining Pakistan. Is this true?

[Khan] Every Kashmiri in occupied Kashmir who raises the slogan "Long Live Pakistan" or raises Pakistan's flag is not opposed to the idea of an independent Kashmir. We Kashmiris have emotional ties with the people of Pakistan. We love Pakistan, even though the Pakistani Government has always caused problems for us. However, Pakistan has always been a place where we can take refuge. The people here have helped and supported us. Therefore, we have always hoped that the Pakistani people would be with us until our final victory. The Pakistani people have always expressed a oneness with us. However, some political people with vested interests made announcements to sabotage my plans to cross the control line on 30 March by saying that I would raise the Pakistani flag in occupied Kashmir that day to show my allegiance to Pakistan. Look at the treachery of these people. Instead of celebrating "Pakistan Annexation Day," they celebrated "Unity With Pakistan Day" to mislead the people in occupied Kashmir. This celebration could have been held on 23 March. The people who had celebrated this day had opposed the 23 March 1940 Pakistan resolution. If these people hold demonstrations for joining Pakistan right in occupied Kashmir, they will learn some true and hard facts. I am ready to sacrifice my life for Pakistan, however, loving Pakistan and joining our country with Pakistan are two different things. No nation has the right to deprive another nation of its right for independence. However, if a third option is included in the referendum and the majority of Kashmiris vote for joining Pakistan, then I will accept this decision. Such a

decision would be the collective decision of my whole country. The information that the JKLF supports annexation to Pakistan is wrong. The first commander in chief of the JKLF, Majeed Wani, used to give interviews to India newspapers supporting an independent Kashmir. He was a follower of Maqbul Butt, and he became famous when he managed to get his associates freed in exchange for freeing the kidnapped Rubayia Sayyed, daughter of Indian Home Minister Mufti Sayyed. Ishfaq Majeed Wani was assassinated on 30 March 1990 and his and my friend, Javed Ahmed, is a commander in chief of the JKLF in occupied Kashmir. Javed Ahmed, in his statements, has demanded an independent Kashmir. It does not matter whether the JKLF is in occupied Kashmir or in Azad Kashmir, in Britain or in Belgium, this organization will always have Pakistan. However, it will never give up the idea of an independent Kashmir.

[Mir] Does the Indian Government consider the JKLF or the Hizb-i al-Mujaheddin more dangerous?

[Khan] If we were not dangerous, then why were restrictions imposed on us? The mother party of the Hizb-i al-Mujaheddin is the Jamaat-i Islami. At the time we were fighting the war for independence, Jamaat-i Islami members, including Ali Gailani, were sitting in the so-called Kashmir assembly. When our efforts gained momentum, they also raised slogans for independence. Later, when Ali Gailani was arrested, he was kept in a guest house and our associate, Mohammed Yaseen Malik, had to suffer atrocities in jail. He had to suffer so much physical torture that he is now at his death bed. We are appealing to human rights organizations to use pressure to provide medical treatment for Mohammed Yaseen Malik and to free him. The Indian Government is afraid of the JKLF because the latter has invited the United Nations to allow it to give a statement as Kashmir's representative organization. Only the JKLF is known for its efforts at the international level for Kashmir's independence.

[Mir] Do not you think that various organizations fighting for Kashmir's independence should end their differences?

[Khan] This is very important. However, people with vested interests using the name of Islam and those who are hungry for power do not want this. Anyhow, I am very optimistic about Kashmir's independence, and God willing, it will become independent.

Kashmiri Militants Seen Inspired by Afghan Outcome

92AS0991H Karachi DAWN in English 10 May 92 p 9

[Article by A.A. Salaria: "Afghan Victory Heralds Liberation of Kashmir"]

[Text] Muzaffarabad—The news of Afghan victory has been exhilarating. It has boosted the morale of freedom-fighters in Kashmir and administered a much-needed shot in the arm to their struggle for freedom. Hundreds

of thousands of Kashmiris in the occupied areas offered thanksgiving prayers, especially at Hazrat Bal and Jamia Masjid Srinagar, and prayed for a speedy end to the Indian occupation of Kashmir. Fruits and sweets were distributed to commemorate the historic achievement of their brethren in Afghanistan. The occasion was enthusiastically celebrated in all parts of the state.

With Afghanistan out of the way, the road is clear for stepping up the freedom movement in Kashmir. The two movements, for the liberation of Afghanistan and Kashmir, have been, more or less, similar and simultaneous. Shaped on the same pattern, they have followed the same course. Both regions have been the victims of naked foreign aggression on flimsy pretexts. In Afghanistan, the Russian troops were invited to invade the country by a puppet Afghan regime and in Kashmir the Indian army was called in by the late Maharaja of Kashmir in a bid to prop up his tottering regime. In both cases, the invasion was converted into occupation; foreign troops, which had come to the succour of the local Governments, staying on to become armies of occupation.

The reaction of the people to alien domination has also been similar in both cases. In Afghanistan, the people revolved and launched a "jihad" against the aggressors. For over a decade they maintained tough resistance against attempts to subjugate them. They fought tooth and nail, despite heavy odds, and ultimately succeeded in defeating Russian troops which were heavily armed with sophisticated weapons. Their courage, perseverance and sacrifices were finally rewarded and a superpower was forced to withdraw its army of occupation.

The struggle for freedom in Afghanistan continued against the remnants of foreign aggression even after the withdrawal of Soviet army in 1989. The puppet Kabul government, bolstered up by arms supplies and financial and political support of the Soviet Union, continued to hang on to key areas of the country. For over three years, an inconclusive war was fought by the Mujahideen to dislodge them. At long last, the dismemberment of the Soviet Union resulted in discontinuation of material help from that source. This left the Kabul rulers high and dry and their resistance was broken. Last week, they capitulated and surrendered power to the Interim Council of the Mujahideen. After 14 years of continuous struggle, the Jihad in Afghanistan was crowned with success.

In the final reckoning, the Afghans had to pay heavily for their success. Over 1.5 million Afghans were martyred, more than one million were disabled or incapacitated for life, while five million were rendered homeless. Out of them, three million sought asylum in Pakistan and about two million were accommodated by Iran and other friendly countries.

TRAVAIL OF KASHMIRIS: The sufferings of Kashmiris have been equally, if not more, agonising. Ever since the occupation of their homeland by Indian army,

45 years back, they have been subjected to discrimination and oppression and denied their basic right of self-determination which was promised to them by the United Nations and the international community, including India. Their trials and tribulations under the oppressive rule were virtually intolerable but they bore them with fortitude. For over four decades they fretted and fumed, groaned and protested, but remained passive on the whole.

Then came the transformation in the international situation. The political climate underwent a change and the winds of freedom started blowing all over the world. The freedom struggles of enslaved nations gathered momentum and the forces of aggression in different areas of the world had to beat a hasty retreat in the face of the gathering storm of public fury. The success of Afghan Mujahideen in 1988 in forcing Russia to vacate its aggression in neighbouring Afghanistan, and the rapid emancipation of countries of Eastern Europe from alien bondage, became a source of inspiration to the new generation of Kashmiris. They decided to launch a similar struggle for the liberation of their homeland.

Consequently, a spontaneous uprising of Kashmiri youth against Indian occupation of Kashmir was witnessed in 1989. It was headed by bands of dedicated young freedom fighters who were willing to offer sacrifices and prepared to lay down their lives for the sacred cause of freedom. Like quickfire, the freedom movement spread far and wide to all parts of occupied Kashmir. Despite desperate repressive measures, which included mass murders, torture, rape and arson, adopted by the occupation army, the number of freedom-fighters multiplied and the movement gathered momentum. Already thousands of Kashmiri Muslims have been martyred and thousands more are rotting in Indian jails or are undergoing inhuman torture in Interrogation centres.

In retaliation, the freedom fighters have mounted a counteroffensive aimed at harassing the Indian troops stationed in Kashmir. Surprise attacks, ambushes, bomb blasts and hit and run tactics are being employed by them to inflict heavy losses of men and material on the enemy. If thousands of Kashmiris have been martyred, hundreds of Indian soldiers have also been killed in clashes with the freedom fighters.

With no let-up in the brutal offensive and the spirited counteroffensive, the situation in held Kashmir is becoming increasingly desperate.

The daily average of casualties is mounting on both sides with the sorship [word as published] and the ban on entry of outsiders in the troubled areas, the news of Indian atrocities that filter through are alarming world opinion. There is an international uproar for the settlement of the Kashmir dispute. The situation is fast heading towards a climax.

LONE WAR: Despite common goals, identical motivation and parallel courses, the freedom struggles in

Afghanistan and Kashmir have diverse points of dissimilarity. Initially spontaneous at start, the uprising in Afghanistan was later activated by material aid from several countries, including Pakistan, the United States, Saudi Arabia, Iran and other sources. The Mujahideen were supplied arms and ammunition and funds to prosecute their war of attrition and persevere with their heroic struggle against the army of occupation. Pakistan provided food and shelter to three million refugees and Iran did the same for a lesser number. Financial help for their relief and maintenance continued pouring in all the while virtually from all quarters of the globe. The international community and the United Nations played a major role in putting pressure on Russia to withdraw its forces from Afghanistan. In the U.N. General Assembly, 130 countries voted in favour of immediate withdrawal of Russian troops from that country. Thus, besides the Afghan fighters who bore the brunt of Russian onslaught, the credit for the success of the struggle in Afghanistan is shared by the United Nations and all the participating countries.

Not so in the Indian-held Kashmir. The freedom struggle in that beleaguered region is lacking material support from outside. Pitted against the might of the Indian army and paramilitary forces, the freedom fighters are waging a lone war of attrition against overwhelming odds. It is an irony of fate that while all other freedom struggles in the world are being materially helped from outside, the Kashmiris in the held areas have been left alone to fight an unequal battle single-handed. America and its allies look askance at the uprising in Kashmir.

Even the U.N., which has adopted resolutions supporting the right of self-determination of Kashmiris, is indifferent. Influenced by the attitude of America, to which it is now playing second fiddle, the U.N. is disregarding the holocaust in Kashmir. The recent statement of its Secretary General, in which he said that the Kashmir Issue could only be taken up by the U.N. with the consent of India, has raised hackles of Kashmiris and their sympathisers all over the world. This resentment was reflected in the huge rallies held all over the country during the Secretary General's recent visit to Pakistan.

Despite these handicaps, the success of Mujahideen in Afghanistan has sent waves of hope and cheer in Kashmir, particularly among the freedomfighters. While the Indian troops have been demoralised by this development, the Kashmiris are jubilant. They are confident that their deliverance from Indian occupation is around the corner.

Internal Affairs

Sindh Government Said Behind Gang Rapes

92AS0992D Peshawar *THE FRONTIER POST*
in English 6 May 92 p 10

[Editorial: "More Rape in Sindh"]

[Text] Twenty PDA [People's Democratic Alliance] women polling agents, including former MPA [member

of Provincial Assembly] Munira Shakir, were reportedly raped on April 28, the polling day for the Sanghar by-election of PS-67. Ms. Benazir Bhutto, in her letters to Prime Minister Nawaz Sharif and Sindh Chief Minister Syed Muzaffar Hussain Shah, has called their attention to similar incidents on that day when two women were gang-raped in the presence of police contingents. The victims, out of fear for their lives and shame, have opted to remain silent and have so far only spoken to the press on the condition of anonymity.

The Sindh government, it appears has once again reaffirmed its faith in using rape as an effective tool of political manipulation. Press reports about the workings of CIA in the past show that rape was an integral part of the Sindh administrative psyche but after the trauma the nation underwent in the Veena Hayat rape case, one thought that some positive changes would occur in its conscience. In the Sanghar tragedy too at least one victim has accused adviser to Sindh chief minister for jails, Ayub Sheikh, of ordering her gang-rape. What makes the situation even more sickening is the fact that this Sanghar seat has traditionally been as anti-PPP [Pakistan People's Party] one and the PDA candidate was expected to lose anyway. Why then did the administration display this barbarism again? After the death of Jam Sadiq, the new chief minister, Syed Muzaffar Hussain Shah had promised to change the modus operandi of the Sindh government, something that the opposition had believed and welcomed. But the events of April 28 will leave a huge question mark about his sincerity. The government must take strict notice of the situation and an inquiry commission should investigate the matter to bring the offending administration to book. However, the government must ensure that this inquiry delivers on its mandate, otherwise rape will continue to figure high in Sindh administration's political tactics.

Sindh: Government's Claim AZO Atrocities Refuted

92AS0993C Islamabad *THE MUSLIM* in English
19 May 92 p 4

[Article by Azizur Rehman Bughio: "AZO—People Losing Faith in Government Claim"]

[Text] The official allegations against Al-Zulfiqar Organisation (AZO) members have been so repeatedly made without proving a single offence till today, that, now no one seems to be believing it. In fact, the whole effort appears to be an exercise in futility and counterproductive with people losing faith in what the government claims, in this regard. People are even getting suspicious whether AZO exists at all and if it does, how the country's only popular federalist Pakistan People's Party [PPP] is involved in it. PPP has been refuting the charge. There was a time when late Jam Sadiq Ali used to come out with a kind of readymade accusation against this organisation to bail out his government from a failure or

a frustration in achieving expected improvement in the constantly deteriorating law and order and nabbing the culprits and criminals responsible for the disgusting situation. Obviously, there was no evidence, otherwise Jam who had been sent to Sindh to crush the PPP, he would have been the last person to forgive this party and its alleged role in AZO.

Now, the Tsindhhe Shah government which on its induction made no secret of its being a continuity of the Jam rule, has indulged in the same tactics to absolve itself from the responsibility of controlling the situation in Sindh, on the pretext of other's involvement in serious activities like sabotage etc. Latest is the series of arrests of PPP leaders and activists throughout Sindh on the allegation of the party's connections with AZO men, following the official version of an encounter of a Naval task force with it at Shah Bander, near Karachi, killing 7 and arresting 14 men.

The AWAMI AWAZ and the JAGO (15/5) have in their editorials observed that the action against the PPP under the cover of AZO by detaining thousands of party workers has exposed the nonserious mood of the government and its unholy intention behind the offer of a dialogue to end the present conflict and create national reconciliation between the ruling party and the opposition.

This will rather serve an opposite purpose as the common people in Sindh have been targeted by the police with dangerous consequences of weakening the only federalist party having strong roots there.

The AWAMI AWAZ argues that if the purpose behind this action is to recover illegal weapons, then it will not be achieved because they have been provided throughout the country especially in Karachi by the Afghans. "What dacoities have presently been committed and people kidnapped by PPP? This has not been disclosed by the government itself. The dacoits and terrorists carry weapons in daylight killing each other in hospitals in Hyderabad and Karachi. They are not touched. Instead, action has been taken against the PPP which is not justified under any circumstances," alleges the paper.

The JAGO fails to understand why secret agencies, custom intelligence and emigration authorities do not see Biharis, Burmese, Bengalis and Hindustanis, all illegally entering Pakistan under the cover of Islam who manage to get all necessary documents including identity cards and passports in no time, later, parading as Pakistanis, without any check.

The paper says: "Lakhs of Afghans, after leaving their camps, have become respectable citizens with their own properties and markets of heroin and Kalashnikov are running unhindered."

Besides, the paper points out another kind of sabotage with the people is the absence of law and order, insecurity of life and property and crime of kidnapping on a

wide scale. There are dacoits in the streets using Kalashnikovs and rockets to kill and kidnap innocent people with terror, let loose in all directions and huge ransom money spent on the purchase of weaponry, is going out of Sindh. If all that is not sabotage and destruction, then the people also reserve their right not to trust their government in whatever it says," explains the paper.

According to the paper, the agencies assigned very sensitive duties have become suspicious themselves and the way the rights of the people are being violated and the very country endangered, issues like AZO, if at all it exists, stands reduced to a very insignificant position.

THE HILAL-E-PAKISTAN (15/5) has expressed concern over the disclosure of the Interior Minister in the National Assembly that about 10 lakh foreigners are illegally living in Karachi.

The paper says that the figure could be much higher than that. It believes that it is a serious issue particularly in the context of the present hopeless law and order situation in the country, leaving aside their burden on our deteriorating economic condition.

Editorial: Sindh Needs Democratic Government
92AS0993D Islamabad THE MUSLIM in English
20 May 92 p 6

[Editorial: "Now Comes the Moment of Truth in Sindh"]

[Text] Ironical as it might appear, the kidnapping of the Ismaili community chief in Karachi could prove a blessing in disguise. Everybody who matters is sitting up. The Aga Khan has been on the line with the President and the Prime Minister. The top crust of Sindh government have been summoned posthaste to the capital. The corridors of power in the capital are abuzz with alarmist rumours. Sindh government was never in a presentable shape. Now Islamabad, too, is in a tizzy. All this could be to the good. But, is it? Whatever can be seen and surmised at the moment does not make for much comfort. Particularly the loose talk about handing the province over to the military. The only reason why the Sindh problem has not only been mishandled but allowed to get exasperatingly complicated, is that nobody has cared to look at it with a fair, intelligent and dispassionate mind. All manner of people have had their irons in the Sindh fire. The result is that Sindh continues to burn. Failure to see the obvious defies belief. What we have on our hands in Sindh is political injustice and distortion of the democratic process. Haven't we tried force, and more than enough of it, already? Has this foolish strategy not been a devastating failure? Have we learned nothing from Z.A. Bhutto's misconceived resort to force in Balochistan and Gen. Yahya's in East Pakistan?

It takes no more than a pair of eyes to see that by foisting a reckless self-promoter in the shape of Jam Sadiq Ali on Sindh the IJI [Islami Jamhoori Ittehad] government has

virtually lost whatever little face it had in that province. The manner in which the rakish Jam rode roughshod over his own people has not done Prime Minister Nawaz Sharif (or President Ishaq Khan, for that matter) much proud. The undeniable, and at the moment utterly unalterable, fact is that the Pakistan People's Party [PPP] is the largest single element among genuinely representative political entities in Sindh. It is nothing short of a continuing outrage to hound the PPP out of its rightful position of power and harass its followers and supporters in such disagreeably crude fashion. As a part of this unacceptable strategy, IJI has pursued a policy of driving a wedge between the PPP and the other representative group, the MQM [Muhajir Quami Movement]. Underhand and devious manipulations have polluted the political environment of Sindh. What we need is repair and rehabilitation, not further demolition. Use of force, whatever the methodology of its application, is the surest way to ruin.

Let us not get lost in a web of prevarication. The truth about today's Sindh is that it has been subjected to grave political abuse and deprivation. The government at the centre must desist from further interference in the affairs of the province. Islamabad should help Sindh help itself. Sending the army would be most unfair to the army, as it was in the case of East Pakistan. No doubt, a civil administration can expect help from the army, should the situation so demand. But, then, we have to have a civil administration worth the name. There isn't any in Sindh at the moment. The provincial government there is a counterfeit contrivance. And it shows. Nobody is going to be taken in by subterfuge on such a scale. If the people do not have a sense of participation in their administration, they would not trust it. That's what is wrong. And it is because of this that today, nothing seems to be right in Sindh.

Prime Minister Nawaz Sharif has very little choice or options left in Sindh. If he thinks he can ride his way out of the mess created by his own short-sighted perception of self-interest, he is gravely mistaken. His best strategy is to bring the political temperature down, institute a process of embalming the wounds, and letting the genuine majority run the affairs of the province. The only constructive contribution he can make under the present circumstances is to let the province breathe naturally. All pretence should now be shed. Facts should be faced and accepted. Justice should be done. Where justice is not, peace seldom is. Please do not take up the gun when all you need to do is shake hands.

Editorial Urges Stiff Punishment for KHAD Agents

92AS1055A Islamabad HURMAT in Urdu 21 May 92 p 6

[Editorial: "KHAD's Pakistani Agents"]

[Text] In connection with the Afghanistan issue, the question is being heatedly debated in national circles as to what punishment the Pakistani agents of KHAD, Afghanistan's covert actions agency, who committed subversive actions in the past, and their protectors and

backers will receive. We think that Sabqatullah Mujadedi, the president of Afghanistan's interim council, should be contacted at the governmental level and a full list should be obtained of those individuals who plotted sabotage activities in Pakistan and destroyed many homes. Action should be taken against these agents and their protectors inside Afghanistan and in Pakistan and the government should fulfill its duties in this matter.

Editorial Views Foreign Office Nuclear Policy

92AS0999C Peshawar MASHRIQ in Urdu 19 Apr 92 p 10

[Editorial: "Clarification of the Peaceful Nuclear Program"]

[Text] A foreign office spokesman has vigorously denied reports that the Government of Pakistan had totally abandoned its nuclear program; he declared Senator Tariq Chowdhry's charge that the Pakistani Government had stopped work on the nuclear program because of U.S. pressure as totally baseless. The spokesman said that Pakistan's nuclear program was entirely peaceful and hence the question of abandoning it did not arise. He referred to the prime minister's recent statement that Pakistan would not haggle over its national interests and gave assurance that Pakistan would continue its peaceful nuclear program in order to satisfy its energy needs and derive other benefits from nuclear technology. The foreign office spokesman was asked to clarify the statement made by Foreign Secretary Shaheryar in an interview with the WASHINGTON POST; the spokesman gave assurance that on 9 February the foreign office had fully explained the interview. It should be noted that Shaheryar had made four points in the interview; One, that Pakistan had frozen its nuclear program at the 1989 level; two, that Pakistan had given assurance that its nuclear program did not include the construction of weapons; three, that Pakistan would not explode an atomic device and four, that Pakistan would not transfer nuclear technology to any other country.

We think that all doubts should have been dispelled by now about the peaceful nature of Pakistan's nuclear program; if there is any U.S. pressure on Pakistan, it is aimed at preventing the construction of nuclear weapons. Prime Minister Nawaz Sharif's proposal to summon a five-power conference with the purpose of keeping South Asia free from nuclear weapons and his readiness to sign any kind of international, regional or bilateral agreement with India leave no doubts in anyone's mind as to Pakistan's good intentions. The U.S. pressure is now directed more towards India to induce it to accept the proposal of a five-power conference or sign a regional pact with Pakistan. Under these circumstances, the baseless charges leveled by our politicians with the sole purpose of attacking the government are

against the interests of the country. Every Pakistani government has maintained the stand that its nuclear program was limited to peaceful purposes; the present government also takes the same position and is continuing the peaceful program. There is no room for criticism in this matter.

Qadeer Khan Interviewed on Nuclear Program Outlook

*92AS1055B Islamabad HURMAT in Urdu 21 May 92
pp 7-10*

[Excerpts from special interview with world renowned Pakistani scientist Qadeer Khan by Zameer Nafis, HURMAT's editor; place and date not given: "India Is Not Willing To Give an Account of Its Nuclear Program; by the Grace of God, We Possess Every Kind of Defensive Capability"]

[Text] 6 May, 1992; 1700. I am in a small drawing room adjacent to the office of the world famous Pakistani scientist, Dr. Qadeer Khan. I am waiting for him while he is busy working in his office. The room is adorned with several pictures, one of which catches my eye; it shows Dr. Qadeer being awarded the medal of the Crescent of Distinction by the president of Pakistan. Medals and awards do not have a high value anyway, but I was thinking that for an individual who has rendered extraordinary services to his country, who spurned substantial offers from others and dedicated himself to Pakistan instead, the Crescent of Distinction is a small award. A personality such as his cannot be valued in terms of awards given by the authorities. At any rate, awards and medals may have lost their value in Pakistan. Nothing can be accomplished without access to the committees that recommend such awards. I know what obstacles were raised and in which quarters when it was decided to give this award to Dr. Qadeer, which counts for much less than the services he has rendered to the nation. There is a certain lobby in this country that places obstacles at every step in the path of Pakistan and those who dedicate themselves to it. There are very few people in Pakistan who think about Pakistan. There are many who think of their own interests and power and very few who think of their country. While I was musing over these things, Dr. Qadeer entered the room and we started our conversation.

[Nafis] What are your views regarding the future of Afghanistan?

[Khan] In the first place, the future of Afghanistan lies in the hands of the Afghans. As the prime minister has said, it is up to the government and leaders of Afghanistan to improve conditions. When they needed our help, everyone helped them. Now, they have to handle their own affairs and I think that there is little need for concern. By the grace of God, everything will be all right soon. I would like to see Afghanistan as a prosperous country with opportunities for the progress of science

and technology. We and the developed countries should help in the reconstruction of Afghanistan.

[Nafis] Dr. Qadeer, a struggle for freedom is going on in occupied Kashmir also; do you think that the struggle of the Kashmiris will succeed as did the Afghan struggle?

[Khan] Afghanistan's struggle was against a foreign aggressor and the world community helped the Afghans. The support they received was on two levels: the diplomatic and the moral and military levels. You see the result of that support. But the situation is still different in Kashmir. The world community accepts the right of the Kashmiris to determine their own fate and the United Nations has passed resolutions to that effect. But how many countries are helping the Kashmiris diplomatically or militarily? The answer is disappointing; not a single country is giving them military help. There is only talk; and that is why one cannot compare the Kashmir issue to Afghanistan. We say that everything should be settled through peaceful negotiation. People think that since we are scientists, we only think in terms of war and weapons but this is not true. No human wants to see other humans ruined and killed. However, the issue will be solved through negotiation only when India's attitude improves.

[Nafis] After the liquidation of the Soviet Union, the future of its nuclear scientists has come into question. What is your point of view regarding this matter?

[Khan] Russia has a large number of capable nuclear and nonnuclear scientists. The scientists of the Soviet Union accomplished great deeds; now, after the end of the Soviet Union, the knowledge is still there but resources are lacking, because of which it may not be possible to make desirable use of this knowledge. The neighbouring and developing countries can utilize the services of these scientists if they so desire. Our government should widen its relations with the Soviet states and make full use of this golden opportunity. The difficulties created by visas should be removed with these states and we should follow the example of European countries. We should start this process [of the need for visas] with Afghanistan so that one may board a plane with his passport and travel [unhindered]. Afghan citizens should also be able to travel to Pakistan in the same way. These measures will promote mutual relations with these states.

[Nafis] During my visit to the Gulf states, I met various people and discovered that the Arabs have great regard for you. Do you wish to include our Muslim brothers in nuclear successes? I mean, if someone should wish to benefit from your experience and knowledge, would you cooperate?

[Khan] The success of any Islamic country in any field is a success for the entire Muslim world. Muslims are not separated from each other. As for the good will of the Arabs, not only Arabs but Iranians also feel affection for us. It is kindness and affection on their part. We believe

that experience and knowledge should be pushed forward and made available to others. To confine experience and knowledge to one individual is unjust and miserly and we do not believe in either injustice or parsimony. The important point here concerns the capability of benefiting from the experience and knowledge of others. Nuclear technology is a sensitive subject; it is up to the government to decide whether to work in conjunction with other countries. At the present time, we are still in the process of learning; it is premature to talk of teaching others.

[Nafis] Several countries including Russia and China approved of the prime minister's suggestion to make South Asia a nuclear free zone but India's reaction has been negative. What is your opinion regarding the suggestion and Indian reaction?

[Khan] You know that our country's leaders have always presented the proposal to Indian authorities that South Asia be declared a nuclear free zone. We want to live in peace and our nuclear program also is peaceful; hence, all proposals for peace have been made by our side. Our neighbour, India, on the other hand, has always followed an aggressive policy. It has exploded a nuclear device and has unbalanced South Asia and its peace; that is why India does not favor our suggestions and opposes them violently. It is concerned about our Khod plant that enriches harmless uranium, but is not ready to account for its own actions. No one likes to judge his own deeds.

[Nafis] What other steps have you taken regarding the defense of Pakistan? The nations looks to you. There are some doubts regarding the nuclear program; it is rumored that the program has been halted on foreign orders. Various things are being said and it is our duty to alleviate the anxiety of the nation and dispel ambiguities. What is your opinion?

[Khan] I would only say that we have carried out the wishes of the people and will always try to do so. We want the same thing other citizens want: to strengthen the defense of the country. Our desires are no different from those of millions of Pakistanis. We cannot offer a list of what guns and ammunition we can manufacture; we can only say that the defense of the country is in strong and wise hands and, by the Grace of God, we have every kind of defensive capability. The prime minister and the heads of the Pakistan forces are doing all that is needed. The defense of the country could not be in better hands.

[Nafis] Has the nuclear program been halted on foreign orders?

[Khan] In this regard, I would like to state the position of the prime minister and the government to the effect that

instead of begging from foreigners, we have made preparations to expand our resources and make the country self-sufficient. Anyone who thinks that the president or the prime minister would sacrifice the interests of the country on anyone's orders or pressures is wrong.

[Nafis] India has recently experimented with ballistic missiles. What do we have to counter that?

[Khan] The prime minister and the heads of Pakistan's forces are well aware of the problem and are taking suitable steps to deal with the danger.

[Nafis] According to certain circles, our relations with China are not as cordial as in the past. Is this true? Is China helping us to acquire missile technology?

[Khan] It is not true [that our relations are not as cordial as before]; our enemies are spreading these rumors. Our relations with China are friendly and exemplary. As far as defense needs are concerned, there are several agreements between the two countries and China has not shown any hesitation or delay in those matters. Both countries are making use of each other's experiences.

[Nafis] You recently met with the head of the Pakistan Navy. The Pakistan Navy is not regarded as being in a good defensive position. Did you discuss improving the navy?

[Khan] I have known the head of the Pakistan Navy for a long time and this was a friendly meeting; but I took the opportunity of informing him of the weapons we can manufacture for the navy. He will think about it and let me know. We can build an Anza missile for the navy, which can shoot down low-flying planes. I discussed this with him.

[Nafis] You said in a speech that we had sold 500 laser range finders to Saudi Arabia for which we received foreign exchange. Has any other country contacted us and can we provide them with what they need?

[Khan] Several Muslim countries have contacted us for purchasing several kinds of defense weapons. Work will start soon on the implementation of agreements in this regard. We will provide weapons to friendly countries at prices cheaper than those charged by Western countries.

[Nafis] What do you consider the most important issue facing Pakistan?

[Khan] If I could, I would make education universal in Pakistan. Lack of education is this country's greatest problem; I am referring to the knowledge of science and technology. We cannot progress unless we acquire scientific and technological knowledge. You will notice that those countries that encouraged science and technology achieved success in every field and prospered. Unfortunately, in our country this field has received the least amount of attention. This is our major problem but we

have so many other problems. The second most important problem is that of overpopulation; it is very important to control it so that national resources may fulfill the needs of the people and make progress possible.

[Nafis] It seems to me that you have no personal life of your own. Plant matters, office affairs, work of the Ghulam Ishaq Khan Institute, meeting with important personalities, work from morning till evening and even night; do you sometimes think that work on enriched

uranium has created a headache for you and that you might have been better off working in some other field?

[Khan] There is no doubt I am very busy and get tired sometimes. But when I realize that I am serving this country, all my tiredness vanishes and a feeling of satisfaction takes its place. People kiss my hand with affection; they express love and appreciation and then the tiredness of years of work vanishes.

Government Criticized on Approach to Islamicized Budget

92AS0992B Peshawar *THE FRONTIER POST*
in English 3 May 92 p 10

[Article by Rafi Ullah Shaheb: "Playing Politics With Islamic Budget"; quotation marks as published]

[Text] The proper methodology to enforce the Nizam-i-Islam in the country is to adopt those issues first on which jurists of all sects agree. Islamic budget is one such issue on which even jurists of the Jafriah school agree. But it is strange that neither have the religio-political leaders so far presented the details of this budget before the masses nor has the government ever asked for its details from the various Islamic research institutes established for the purpose.

In spite of such a hypocritical attitude towards such an important Islamic issue, almost all the governments in Pakistan had befooled the masses that they were honest in the enforcement of Nizam-i-Islami in the country. The present government is raising higher slogans in this respect but as regards the Islamic budget, its finance minister has publicly declared that it has no plan to adopt it. In other words, the government itself has declared that it is not honest in its slogan of Islamisation.

During the last 45 years, many religio-political leaders had chances to join various governments but after becoming ministers they forgot all about their demand of enforcement of Nizam-i-Islam. They, like the other political leaders, raised slogans but did nothing practical in this respect. The federal minister for religious affairs is the latest example in this respect.

Before joining the government, he had been the secretary-general of Jamiat Ulema-i-Pakistan (JUP) for a long time. This is the biggest religious organisation in the country. Before joining the government, the minister had been claiming that Nizam-i-Islam can be enforced in the country in five minutes. He used to say that Islamic law in codified form was available with the Muslims which can be enforced in an instant, but when he was in a position to prove his claim, he never talked about it.

The government established the Islamic Research Institute [IRI] to guide it in respect of enforcement of Nizam-i-Islam. Billions of rupees had been spent on this institution but none of the governments ever asked it to prepare the outlines of an Islamic budget. It was expected that the present federal minister of religious affairs under whose charge this institute is working, would ask it to do so, but no such demand has been made by him so far.

Some two decades back, I had discussed this issue with the then director of the institute. He replied that presently there was no competent scholar to write on this issue. However, he said, if the present writer helped them in this respect, they would be happy to publish a thesis or book on the issue. This book which contained

the details of Islamic budget was presented to the institute and it published it under the title of *Islami Riasat Ka Maliati Nizam*.

The scholars of this institute are competent to guide the government on every Islamic issue. Instead of doing so, the government has disfigured the important Islamic institutions. For example, 'Baitul Maal' had been the public exchequer of every Islamic government but the present government has converted it into a charitable institution. If the government does not need the services of the Islamic Research Institute, then why spend billions on its maintenance.

Had the relevant authorities studied the outlines of the Islamic budget, they would have found it more beneficial for the nation as it has no provision for any mundane taxes. It had a few sources of fixed revenue which were sufficient to meet the expenses of the state. But in order to adopt the capitalist system of economy, the government has disfigured the revenue sources of the Islamic budget.

Zakat on assets and agricultural tax, which in Islamic terminology is known as 'Zakat' on lands, had been the two important sources of revenue of the Islamic budget. Zakat, like income tax was not levied on the income of a person for a particular year. It was levied on all his assets in whatever form they were. Even today, billions of rupees can be collected from this source, but it has been converted into a charity and is deducted from the interest money of the banks. As the major part of this money is spent on the welfare of the ulema, so they never cared for the desecration of this important source of Islamic budget.

The second important source of income of the Islamic budget had been the 'Zakat' on lands popularly known as Khiraji, was actually an agricultural tax. Such a huge revenue was collected from this source that later it became the major source of revenue. Income from this source sufficed for the day-to-day expenditure of the Islamic governments in various periods of history. As a result, the other sources of revenue such as Zakat on assets, khumas and Ushoore were ignored. Khumas was a 20 per cent tax on minerals while ushoore was a 10 per cent tax on imports.

Keeping in view the revenue of the Islamic budget from these sources, Muslim jurists issued a unanimous verdict that no mundane tax can be levied along with the Nizam-i-Zakat which, as already discussed in previous lines, consists, of fixed sources of revenue. (Mizan-al-Kubra, by Allama Abdul Wahad Shiani vol: II, P-2).

The great Muslim jurists issued these verdicts to save the masses from undue taxes which, as we see today, create hardships for them. It may be interesting to mention here that the Quaid-i-Azam was aware of the teachings of Islam in this respect and he, before the establishment of Pakistan had warned [as published] the big landlords who have now become a hindrance in levying of agriculture tax in the country.

The Quaid, while delivering his presidential address at the 30th session of All-India Muslim League at Delhi on April 20, 1943, warned the landlords who in his opinion could prove a hindrance in the levying of agricultural tax in the following words.

'Here I should like to give a warning [as published] to the landlords and the capitalists who have flourished at our expense by a system which is so vicious, which is so wicked and which make them so selfish that it is difficult to reason with them. The exploitation of the masses has gone into their blood. They have forgotten the lessons of Islam. Greed and selfishness have made these people subordinate to the interest of others in order to fatten themselves. It is true, we are not in power today. You go anywhere to the countryside. I have visited villages. There are millions and millions of our people who hardly get one meal a day. Is this civilisation? Is this the aim of Pakistan? Do you visualise that millions have been exploited and cannot get one meal a day! If this is the idea of Pakistan, I would not have it. If they are wise, they will have to adjust themselves to the new modern conditions of life. If they don't, God help them; we shall not help them. (Speeches and writings of Mr. Jinnah, Vol. I. 7th Edn, pp. 526-67).

Muslims ruled the subcontinent for nearly a thousand years. During all this period, the land of the country was treated as the property of the state. This decision was taken by the jurists of the subcontinent in the light of the verdict of Hazrat Umar (RA) about the lands of Egypt, Syria, Iraq and Iran. Previously, Muslims did not maintain any regular army but after the conquest of the above countries, they were obliged to maintain a regular army for the defence of their frontiers. To meet the expenses of this army, the lands of all the conquered countries were declared as the property of the Islamic state.

When the political power of the Muslims in the subcontinent declined, the British government conquered a major part of their country. They changed the Islamic status of land and introduced their own capitalist system of management of land. They, through the Permanent Settlement of Bengal created a class of absentee landlords in the country. As a result, the share of produce which during the Islamic period was deposited in the state treasury as agricultural tax, was now misappropriated by absentee landlords. To run the affairs of the government, the new rulers imposed taxes on the people.

However, it was not something new for the Muslims. They had faced many such situations in the past. In such cases, they were expected to take back their lands from the enemy and whenever they were taken back, their original status of kharaji was restored and they were treated as the property of the Islamic state. (Fatawa Alamgiri Vol: III. P-528, Sh Ghulam Ali Edition, Lahore).

The Quaid-i-Azam, as it is known to everybody, wanted to establish an Islamic state in the shape of Pakistan and the elimination of absentee landlordism was its first

requirement. Quaid-i-Azam had already warned absentee landlords in this respect but he soon died and could not accomplish what he wanted. It was the duty of his followers to complete his mission but most of them were themselves absentee landlords and it could not be expected from them to work against the interest of their own class.

The present government, like the previous governments is also playing politics with the Islamic budget. The adoption of Islamic budget requires the elimination of absentee landlordism from the country which the present government dominated by the absentee landlords is reluctant to take any step in the respect. It would be better for the government not to deceive the masses on this issue in the name of Islam. If it is honest, it should adopt the Islamic budget without any further delay.

Federal Loans To Aid Self-Employment Supported *92AS0991C Karachi DAWN in English 5 May 92 p 11*

[Article by Mushyaq Ahmad: "Loans for the Jobless"]

[Text] Self-employment is an important source of household income in Pakistan. Its percentage to the total income is estimated at 55. In the light of the employment pattern in the country which shows 51.15 percent engaged in agriculture, 12.93 percent in industry and 11.93 percent in trade, the figure is incredibly high. Even allowing for the error in statistical computation, the number of people who depend on their personal initiative and enterprise for livelihood, is sufficiently large to merit a prominent place in the employment policies of the government.

State policies in Pakistan have never been methodically formulated or vigorously implemented for lack of political commitment on the part of the government. The number and percentage of the unemployed population is itself a guesswork, for which no scientific accuracy can be claimed because of departmental lethargy and lassitude, inertia and indifference of the illiterate masses, and absence of official credibility in the eyes of the literate and educated segments of the population. Although far from being reliable indicators, the findings of the field surveys nevertheless indicate a tendency and a trend to provide a basis for policy formulation, however rudimentary in form and content.

Out of a total population of 110 million, the entire workforce is estimated at 31.82 million, roughly 30.87 million of them being employed and the remaining one million out of employment. Every three years, the ranks of potential bread-earners swell by one million. Given the large size of the family and individual has to support in our social environment, for two million men to be without jobs means infliction of economic hardships on a population of twelve million with all the attendant ills of hunger and destitution.

However indispensable industrialisation might be for progress, experience has amply borne out that to the

chronic problem of unemployment it does not furnish an adequate answer, the number of industrial workers being no more than 5 million. Despite the limited absorptive capacity of modern industry, we have continued to lay exaggerated emphasis on its expansion.

But small enterprises and businesses which absorb an enormous proportion of our manpower, have received very little attention of our planners and policy-makers except perhaps in election times when small men's votes count a great deal in the electoral arena. How utterly insignificant was the contribution of the Small Business Finance Corporation [SBFC] to the solution of the problem, was obvious from a total disbursement of Rupees 306 million to 5,600 applicants in 1990-91. This was the performance of the elected government of Benazir, the record of the Zia-ul-Haq's martial law government was worse.

The government of Nawaz Sharif had pinned its hopes on industrialisation through adventurous privatisation policies, to generate job opportunities for the millions of jobless in the country. His self-employment scheme that has been hurriedly pushed through is a confession that those hopes were misplaced. Employment is never a primary consideration of the entrepreneurial class whose major preoccupation is maximisation of profits with its one eye on the market place and the other on the labour front to slash its wage bill.

In the overall economic management of the country the Small Business Finance Corporation and its Chairman from where the suggestion is reported to have emanated, have no significant role to play. Theirs is a purely business and financial assignment and that too, unmentionably small in the world of big business and finance. Much as the Prime Minister may admire General Zia-ul-Haq for his achievements, he should also beware of the blunders he committed in the realm of politics on the advice of men with half-baked knowledge of politics which landed the country into an irretrievable mess. Repeating them in the domain of economics might well drive it into a quagmire from which it would be difficult to salvage it.

The mad rush for application forms is undoubtedly symptomatic of the acuteness of the problem. The very enormity of the problem demanded expert investigation and compilation of an authentic report to be evaluated by a panel of official and unofficial economists, high functionaries of the State Bank, a body of trusted administrators and technocrats instead of leaving it to the tender mercies of the Business Finance Corporation which is not qualified or competent to comprehend the far-reaching consequences of the experiment on the economy, caught in the vortex of a runaway inflation, eating away the nation's savings and depressing the living standards of the population.

Pumping an enormous quantity of currency into circulation is bound to further mount the inflationary pressure and inject a heavy additional dose of deficit

financing to make life ever more burdensome for the hardpressed common man. Whether the scheme does or does not assist a million people to stand on their own feet, it is certain to bend the backs of the thirty million who are struggling to make their two ends meet.

The loans by themselves cannot create the jobs, nor the borrowers discover overnight new avenues of self-employment, which call for aptitude and training. A period of apprenticeship is a necessary prerequisite, which the bulk of the aspirants have not served. Not that the importance of training of unemployed youth was unrecognised in the past. A programme to 20,000 educated youth and 40,000 matriculates was intended to qualify them for trade and crafts to enable them to become self-employed. Our promises of formulating programmes are however never matched by our performance in fulfilling them.

For an ambitious project such as the Prime Minister has launched, a training programme on a nationwide scale was required. We had to have a network of institutes set up throughout the country for imparting skills to young men to make them an asset to themselves and to society against which they have now a tendency to rebel, indulging in anti-social undesirable activities that create a serious law and order problem, which the government is at wits' end to control by the coercive power at its command.

By our distorted perceptions and ill-conceived policies we have produced a whole generation of angry young men, especially in the ill-to-do middle class which looks upon merrymaking youth of the upper class, with envy and hatred. While the Prime Minister, dedicated to uphold the status quo, has no cure for the disease, even the palliative he has offered cannot mitigate the sufferings if the prescription falls into undeserving hands, or the hands that receive it do not know how to use it.

The five hundred and odd branches of the banks and the Corporation are already flooded with forms. Their scrutiny and screening by managers, who have had no training and experience of assignment of such a nature and on so colossal scale, will be a herculean task. Presumably to be accomplished at zero cost, it will entail a heavy financial burden on the banks and will afford no guarantee that the bank staff which has a universal reputation for corruption, will not have a finger in the pie.

We have before us the example of the National Bank which lost nearly Rupees 11 crore under the People's Credit Scheme in the sixties equivalent to roughly Rupees 110 crores making allowance for the sharp and progressive depreciation of the currency in the past two decades and a half. Besides our memories of the doubtful and bad debts write-off scandal by the big borrowers are still fresh for the small borrowers, who may not be able to make a success of the ventures on which they are about

to embark, and ask for further accommodation after they have taken what they could in the initial flush of enthusiasm.

Even if the majority of the applications are approved, a minority which is likely to be substantial, will have sound reasons to be disgruntled since there is no insistence on collateral security the borrowers had to offer in the past for accommodation from the Small Business Corporation. The banks being the key element in the situation, they should have been asked to unlock their doors for the small customers who have no access to the facilities which are readily available to the rich clients.

Our governments, both past and present, have not cared to do their homework in formulating their major policies. Bhutto's reforms in the field of industry and banking were implemented without preparatory groundwork, Zia-ul-Haq had a readymade solution to every problem, Benazir had done no preliminary spadework for her much publicised People's Programme and Nawaz Sharif's National Reconstruction Programme of which the Self-Employment Scheme forms an integral part, has been improvised and enforced in undue haste.

Paper Previews Federal Budget for 1992-93

BK1305121192 Peshawar *THE FRONTIER POST*
in English 13 May 92 p 10

[Editorial: "Fear and Trembling Before the Budget"]

[Text] The budget 1992-93 is to be announced tomorrow, and the intelligent woman's guide to it can offer no solace, mainly because what the last budget document said last year it couldn't achieve. The breath is bated for the new indirect taxes that will surely be heaped upon the populace through almost a dozen "corporations" whose finances have been delinked from the budget and who will raise their tariffs while federal budget can be "MISAALI" [Exemplary] in levying no new taxes. There are rumours of some subsidies getting slashed, making things like health more expensive to the poor segment of the society. Prime Minister [PM] Mian Nawaz Sharif has often bemoaned the twin burden (Rs 155 billion) of debt-servicing and defence expenditure which eats up the small revenue of 150 or so billion rupees. But in his first budget, the remedies adopted to raise more revenue have failed. In fact, the deficit he had accepted and vowed to remove has mounted from around 19 billion to over 100 billion; and his government has borrowed a record 84 billion rupees from the State Bank. (In Germany, president of the Bundesbank would have resigned!) Mian Sahib's tax collection has remained 14 percent of the GDP [gross domestic product] as against recommended 21 percent. The rural and urban rich have refused to be taxed; there are still only 15,000 taxpayers earning over a lakh-a-month in

the country. The vast unregistered or informal sector, which the government tried to tax in the current year through Fixed Tokens, has not bought the tokens, mainly because the government was neither motivated nor ready to push it through: Instead of the projected Rs 200 million, only Rs 5 million have been collected. Indirect taxation, which kills the common man, stands stubbornly at over 70 percent of the tax revenue. The citizen must fear the expansion of revenues this year under this head, and that other head of 16 percent of surcharges on petroleum and gas. The country is teetering on the brink of a high inflation rate.

The style of the IJI [Islami Jamhoori Ittehad] government is totally incompatible with the demands of austerity placed on the economy. The 50-member cabinet has led to the expansion of the establishment in Pakistan instead of the curtailment the PM had promised. The MNAs [members of National Assembly] seem unmoved by the plight of the economy, as was demonstrated recently in the National Assembly when they padded up the salary and perks bills in utter disregard of their public image. The PM himself has opted for such reckless schemes as the pre-budget self-employment outlay of 200 billion from nationalised banks as loans that may never be repaid. The 3 billion rupee Bait-ul-maal [Public Welfare Fund] is a handout meant to boost his personal image as the charity swells the budget deficit. Less economic-minded leaders like chief minister Wynne of Punjab have been pushing money-guzzling schemes like Bab-e-Pakistan at a cost of over Rs. 30 crores (shared nationally) while the province is in the red up to 5 billion rupees through its share of the State Bank overdraft. People have lost their savings in the co-ops too, after turning away from normal savings channels because of Zakat [the Islamic tithe] and the 10 percent tax on PLS [expansion not given] accounts. The savings investment gap remains yawning as usual and there is nothing the state can do to encourage people to save more. The coming budget might go looking for money in the stock exchange sector by taxing gains, and the provincial governments might be asked to raise the property tax. The budget will look good (that's what the civil servants are paid for), but the crunch will come in the months to follow when the corporations start revising their user charges upwards. And that will have nothing to do with the budget! The government has no long-term vision and the PM is no statesman.

He dare not put teeth into anti-population-explosion measures after he has offended the clergy; he can hardly make a deal with an equally stricken India to cut the defence expenditure which stands at 27.5 of the budget, almost equal to the development outlay from borrowed funds. He has not used his TV and Radio (busy militarising the civilian mind through hostile anti-economy propaganda) to help him come out of this economic quagmire. All the fears spring from that fact that the budget has lost its credibility.

Minister Announces 1992-93 Federal Budget*BK1405145592 Islamabad PTV Television Network
in English 1400 GMT 14 May 92*

[Excerpt] A 292.91 billion rupee-federal budget for the next financial year has been presented. The budget was presented by the federal finance minister, Mr. Sartaj Aziz, in the National Assembly this afternoon. Giving details of the budget, the federal finance minister said the overall deficit of the budget would be brought to 65 billion rupees level which is less than 5 percent of the GDP [gross domestic product]. The finance minister said the budgetary position of the next year is that total revenue receipts will increase from 223 billion to 243 billion rupees. After provincial share transfer, the federal revenue will increase from 165 to 179 billion rupees. Nondevelopment expenditures will increase from 199 to 219 billion rupees.

The finance minister said the new budget is geared to raise the standard of living of people, upgrade civic facilities, eliminate social inequality, and aimed at making Pakistan an Islamic welfare state. In his budget speech, he said the motivating force in these priorities is the manifesto of the government and we shall, Insha Allah [god willing], move toward achieving these ends with speed. A comprehensive social action program has been designed to improve the coverage, quality, and effectiveness of the social sector with a projected outlay of 53,050 million rupees in the next three years.

The taxation proposals unfolded by the finance minister for the fiscal year 1992-93 are: telephone charges have been enhanced from one rupee 56 paises to two rupees per local call, and the excise duty on functions regarding weddings and other ceremonies held in four and five star hotels has been raised from 20 to 30 percent. Advertisements of cigarettes, cosmetics, and beverages shown on television have been revised upward from 10 percent to 15 percent. For other advertisements on television, the excise duty has been raised from five percent to 10 percent. Five percent excise duty has been proposed on unprocessed fabrics. Excise duty has been raised from five rupees to six rupees on one kg of artificial silk thread and the thread used in the manual sewing of sweaters. Excise duty to be charged on thread and unprocessed fabrics will yield an income of 680 crore rupees.

Exemptions for sales tax on locally-manufactured goods, including paper boxes, slabs of marble, and barbed wire, are proposed to be withdrawn. The sales tax on processed fabric is to be increased from 50 paise to one rupee per square meter. The sales tax on ingots and billets has been increased from 375 rupees per metric ton to 500 rupees per metric ton. These measures will yield an income of 220 crore rupees.

The passport fee in ordinary cases has been raised from 400 rupees to 800 rupees. The urgent passport fee has been increased from 1,200 rupees to 2,000 rupees. Passport fee revisions will generate an income of 1.35 billion rupees. The present tax ceiling has been enhanced from 280 rupees to 500 rupees per international air ticket. The revised tax rate

on international fares will yield an income of 20 crore rupees. The revised rates of fees and penalties under the 1938 Insurance Act are to generate an income of 180 crore rupees. Total tax and nontax measures are to generate resources of 1,401 crore rupees during 1992-93. Unnecessary tax exemptions will be done away with and new taxpayers will be encouraged and their number increased.

Wealth taxes and capital value taxes should be further activated and wealthier people be made to pay further taxes. Unproductive assets should be taxed and thus the concentration of wealth discouraged. The tax rate should be reduced on companies and the rates for next five years be should announced to restore the confidence of industrialists for their active role in national progress. Five-year tax holiday and exemption of capital gain on industries installed in special industrial zones with 40 percent foreign investment. [sentence as heard] Exporters enjoying 75 percent income tax rebates would pay a half percent withholding tax. Exporters enjoying a 60 percent income tax rebate would pay three-fourths a percent withholding tax. Exporters enjoying a 25 percent income tax rebate would pay one percent withholding tax. The finance minister said the taxable and nontaxable and regulatory measures will yield an added income of about 20 billion rupees.

The total budgetary outlay of over 292.91 billion rupees for the year 1992-93 is 5.4 percent higher than the revised estimates of the current financial year. During the next year, revenue receipt from taxes are estimated at more than 160.54 billion rupees. Of this, over 64.85 billion rupees will be given to the provinces as their share in the taxes. Surcharge and other nontax revenue will be over 82.91 billion rupees. As such, total revenue receipts will be more than 243.45 billion rupees. After the transfer of provincial share in the taxes, the net federal revenue will be over 178.6 billion rupees. [passage omitted]

Paper—Budget Deficit May Rise to 130 Billion Rupees*BK1605104592 Peshawar THE FRONTIER POST
in English 16 May 92 p 10*

[Editorial: "1992-93 Budget: More of a Ritual"]

[Text] The deficit in the 1992-93 Budget may balloon up to Rs. [rupees] 114 billion, and if expenditure on the autonomous corporations is included as done in the past, it would be in the vicinity of Rs. 130 billion. However, the finance minister has estimated it as Rs. 65 billion to keep it within 5 percent of the GDP [gross domestic product]. Since the expenditure has been underestimated and income overestimated, and the expenditure on the autonomous corporations is excluded from the budgetary estimations, the deficit has been shown much less than actual. While deficit in the last budget was estimated at Rs. 59.1 billion; it reached Rs. 79 billion as admitted by the government now, and if you include the expenditure on autonomous corporations, the figure is as big as Rs. 103 billion. Although the new taxation measures of Rs. 14.01 billion announced by the finance minister are somewhat innovative, the budget is quite lacking in taking substantial measures in reducing the

current expenditure and raising the income. Most of the new proposed taxes have been levied on the elitist consumption and not on the income of the rich. The scope of sales tax and withholding tax has been expanded, which will bring consumers under increased inflationary pressure. There is no relief for the poor and fixed income groups except a laughable rebate of one rupee on an already inflated price of atta. With a decreased share of the Annual Development Programme (ADP) and a measure amount of Rs.11.5 billion to be spent in three-year plan of Social Action Programme, no visible improvement in the social services and the lot of downtrodden can be expected. On the other hand, some independent researchers have estimated a conservative expenditure of Rs. 190 billion necessary in order to improve basic amenities of life, such as preventive health care, primary education, potable drinking water, and to bring about a palpable improvement in social services. Given the upward movement of expenditure on defence and the debt-servicing, the austerity measures announced are nothing but a joke.

After deducting a defence expenditure of Rs. 82152.3 million and debt-servicing of Rs. 93175.8 million from net federal revenue of Rs. 178604.1 million, the federal government is going to incur a loss of Rs. 3275.9 million in the current financial year. It will have to borrow heavily from internal and external sources to meet remaining expenditures.

The IJI [Islami Jamhoori Ittehad] government will resort to mini-budgets and allow the autonomous corporations to raise their charges, which will bring the financial crunch on the masses in the months to come. A positive outcome of the policies of the IJI government pertains to a 25 percent increase in private sector investment in the last financial year. But the real issue is, where has this investment gone? It has mostly been consumed either by tertiary sectors or consumer industry instead of going into basic industry. Although the reduction in corporate taxes and a tax holiday for the investors in the "Special Industrial Zones" will give an added impetus to private investment. It cannot materialise unless efforts on a large scale—are undertaken to improve a much neglected physical infrastructure. The inclination to invest in infrastructure to increase electricity production by 2711 megawatts, six million new telephone connections and plans to build new highways and improve the existing roads are commendable. But who will foot the bill? Due to a failure in raising local components, many of the projects could not be undertaken or completed despite the availability of project aid from the donors last year. Moreover, the structural weakness of an underdeveloped economy has not allowed us to bail out of an ever deteriorating balance of payment crisis. Despite an increase in 90 percent of our agricultural and agricultural-related exports and because of an unscrupulous import liberalisation, the balance of payment will continue to deteriorate until we drastically shift to value-added exports. The inflation, illiteracy, unemployment, poverty and wastage of precious resources will continue

to grow in tandem with our unwise economic priorities. The economic crisis will become unmanageable irrespective of the government in power until we bring structural changes in the economy, and learn to live within our means. It is better to dispense with the annual budget-making ritual if we are not serious in fulfilling our targets and presenting a true picture of the economy before the nation.

Articles Sharply Criticize New National Budget

Agriculture Not Taxed

92AS1029A Islamabad THE MUSLIM in English
30 May 92 p 7

[Article by S. Ahmad: "Finance Minister's Hobby Horses"; first paragraph THE MUSLIM comment]

[Text] Enumerating the various subtle methods of squeezing taxes from an already overtaxed public, S. Ahmad says that is what happens when the largest sector, agriculture, is exempted from taxation despite its 26 percent share in the GDP [gross domestic product].

Pakistan's finance ministers have had their favourite hobby horses to raise larger revenues quickly to balance the budget in the early years and now to reduce the budget deficits, which are to stay with us forever under licence from the IMF [International Monetary Fund] and World Bank.

And when the old hobby horses are dead or dying, or simply drying up, new hobby horses are brought out merrily with some rhetoric flourish, more like the proverbial old wine in new bottles, and the people are exhorted to pay more taxes cheerfully.

In the earlier years of Pakistan, the pair of hobby horses, used unfailingly by every Finance Minister, was liquor and cigarettes. One year, the duty on liquor was raised even when the duty levied was heavy, and the next year, the duty on cigarettes, and in difficult years both were raised. As both were billed as real luxuries, the Finance Ministers exercised no restraint in raising the taxes frequently on both.

But with the prohibition of 1977, which was tightened further by Gen Zia, liquor ceased to be a significant source of revenue for the Centre. The diplomats who import that for their use get it tax free.

But the provincial government's revenues from excise duty on liquor have gone up as it is sold to the minorities, and through them to others at almost the same price as the bootleggers, and sometimes even higher. And Murree Brewery is doing so well meeting this internal demand, after paying heavy duties, that its share price is now Rupees 70 for Rupees 10.

The Central Excise duty on cigarettes went on increasing. And that resulted in more smuggling of cigarettes into the country which are sold very openly. The growth of the industry in Pakistan, particularly the

tax-paying part of the industry, ceased and production of cigarettes this year has fallen by 8.6 per cent. With Pakistan Tobacco paying 91 per cent of its turnover as taxes to the government, the 'tax' revenue this year did rise to Rupees 9.13 billion from the budgeted Rupees 8.6 billion because of the higher duties.

But the industry, particularly Pakistan Tobacco, the premier cigarette manufacturers, suffered a large loss because of the 0.5 per cent turnover tax and did not distribute any dividend for the first time in its history. The government has now come up with some relief through the budget and the Federal Excise revenues next year may be far below the budgeted Rupees 9.6 billion.

After liquor went off the hands of the federal taxmen, they sought to substitute soft drinks for hard liquor. And the duty on beverages went rising from the initial 50 paise per bottle. There is a limit to the growth of this industry with very heavy taxes, and when a small bottle costs Rupees 4. So the federal excise revenues from beverages is only Rupees 1.1 billion this year, and is expected to rise marginally to Rupees 1.2 billion next year.

As these three hobby horses were becoming less helpful, Mr Ghulam Ishaq, as Finance Minister in the early 1980s, came with his grand slam five per cent surcharge on most of the imports. He realised he could not get much through selective taxation and hence settled for an across-the-board levy and got over Rupees 2.5 billion.

And since whatever GHK [expansion not given] does, Dr Mahbubul Haq should do better and be inventive as well, he came up with his across-the-board five per cent Iqra Surcharge and exempted too few items from its sweep. As a result, he was opting to mobilise Rupees 5 billion, although what he got at the end of the year was less than that and the Iqra revenues were not used for the promotion of education.

Since then, the Finance Ministers are not left with major hobby horses. In their place have come several smaller hobby horses. They have even grabbed hold of the bank cheques. The duty on that began with a small 20 paise per cheque leaf, then raised to 50 paise, and last year that rose to a full rupee per cheque. The revenue from this will be Rupees 61 million this year and Rupees 65 million next year. As result, some businessmen are issuing fewer cheques and delaying payments as long as possible. A tax of Rupees One on a cheque leaf is too much.

Far more rewarding for them has been the passport which in the 1960s cost Rupees 10 for an ordinary passport and Rupees 20 for an urgent passport. Passport fees have been going up rapidly in the 1980s. In June 1990, the passport fee was raised from Rupees 300 to Rupees 400, and now it has been doubled, and the urgent passport fee has been raised from 800 to Rupees 1200.

As a result, the revenue from passport which was only Rupees 8 lakh in 1991-92 and is Rupees 1.2 million this

year, will jump to Rupees 2.5 billion next year. But the government will be spending a pittance on the passport offices, which this year is Rupees 46.5 million. And despite the overnight doubling of the revenue from passports, only half a million rupees more will be spent on the passport set-up next year. So those who seek new passports or their renewal suffer excessive hardships and even plain humiliation, and have sometimes to grease a few palms. Add to the Rupees 800 to be paid for ordinary passport the bribes to be paid to the police for early verification for nonprivileged persons.

The Finance Ministry realised that foreign travel could also be turned into a gold mine for it. So it came up with a Foreign Travel Tax of Rupees 250, then raised it to Rupees 280 and now it has been raised to Rupees 500, which will yield an additional Rupees 200 million or a total of Rupees half a billion next year.

While the Finance Ministers began riding this new hobby horse, they realised they easily make it a red pair and came up with a Domestic Travel Tax. It was the second PPP [Pakistan People's Party] government's contribution. That 10 per cent tax on domestic air tickets is getting Rupees 200 million this year and will yield Rupees 225 million next year.

And Rupees 26 million came from train tickets this year and Rupees 30 million will come next year. It is a sure bet that this domestic travel tax will be raised through the next budget as the foreign travel tax has virtually been doubled through the new budget.

Finance Ministers realised they could combine virtue with necessity and come up with a heavy tax on the large parties at hotels and clubs. Initially, it was a duty of 10 per cent, then it became 30 per cent, and following agitation by the hotel owners, it dropped to 20 per cent. And that has now been raised to 30 per cent. Inclusive of this tax, the federal excise revenue from hotels and restaurants is now Rupees 285 million and next year's revenue will be Rupees 325.

Four and five-star hotels are not more than a dozen in the country but marriage halls are many times that number, and are all over the country but they pay only Rupees 5 million as federal excise revenues, and will pay the same next year. Hoteliers now want the excise duty to be levied on the wedding parties held at parks, open spaces or elsewhere like the wedding dinner for the late Jam Sadiq's daughter with 50,000 guests.

One of the latest hobby horse of Finance Ministers is the sales tax at 12.5 per cent. As more and more items are subject to sales tax, they don't say an item is being taxed. Instead they put it mildly and say that sales tax exemption has been withdrawn. This time, sales tax has been levied on as many as 56 items.

Finance Minister Sartaj Aziz has added another hobby horse to the list. He finds that cars can be more of a gold mine for taxing than they have been. Not content with the heavy import duty on cars up to 450 per cent, he has

come up with a withholding tax on cars, and a capital gains tax on the sale of second-hand cars.

He is trying to be more inventive. He came up with the Presumptive Tax and the Turnover tax last year, and expanded, the withholding tax in a big way. And this time, he has come up with Withholding Tax in the area of the Wealth Tax. Along with all those, he has levied sales tax on 56 items, including taxing the same item again and again as it passed from one stage to another or one hand to another.

That is what happens when you exempt the largest sector or the large incomes from agriculture from taxation despite its 26 per cent share in the GDP [Gross Domestic Product]. To cover up one major fault, he is committing too many small fiscal faults or facing stiff opposition from many quarters.

Falsely Presented as Islamic

92AS1029B Islamabad THE MUSLIM in English
27 May 92 p 7

[Article by Humayun Akhtar: "An Islamic Budget, 1992-93"; quotation marks and italicized words as published]

[Text] So be it. Of all the things that have been turned Islamic in the country, it is now the budget for the fiscal year 1992-93, announced by the Finance Minister on the auspicious day of Thursday, the 14th May, 1992. It has been described, by no less a person than Mr Sartaj Aziz, as Islamic in character. To support his contention, he however, could provide only two arguments—the budget is aimed at broadening the tax base and scuttling over all deficit to protect the common man from price spiral.

The budget produced by the IJI [Islami Jamhoori Ittehad] Government, minus the Jamat-e-Islami, had to be Islamic in character. It has all the ingredients of 'Islam' that is being professed nowadays.

The major aspect of the afternoon budget session was the atmosphere of Islamic brother-cum-sisterhood that prevailed in the National Assembly between the Government and the opposition benches. The same spirit was displayed in adopting the MNAs [Member of National Assembly] privilege bill, a few days ago; unfortunately the bill had to be retracted under the non-Islamic pressure created by the media. Poor MNAs must be given a treatment of quality. If about Rupees 5 million per month can be spent on the salaries and other expenses of the Head of State and over Rupees 10 million per month on the establishment charges, pay and allowance of officers and staff, of the Prime Minister's secretariat and other services and goods, why can't our poor MNAs get at least half-a-million per annum each to support a measly life.

It is also a happy omen that there was no bitterness or acrimony between the party in power and the opposition on the budget day. The speaker's ruling on the right of the members to speak freely and on the lack of quorum,

the mass arrest of PPP [Pakistan People's Party] supporters in the garb of AZO [Al-Zulfikur Organization] in Sindh—as alleged by the PPP high-ups, the onslaught of Government Ministers on the PPP in the National Assembly; all happenings of the previous week were forgiven and forgotten by both parties in the true spirit of Islamic *esprit de corps*.

The media, as usual, has alleged the major modifications have been made, within hours of presentation of the budget, in the budget estimates. The documents released by the Ministry of Finance during the Finance Minister's post-budget press conference on the holiday of Friday gave a different picture. We are not aware if the press conference was a pre or post-Juma prayer affair. In any case, why should the poor people be burdened with the factual figures and what is likely to happen? If we have faith in Allah, we can do the worst and hope for the best. Isn't that Islamic?

The most outstanding feature of the budget for the poor is one rupee per kilo rebate on Atta. If calculated without bias, the relief to a family consuming 40 kilos of Atta per month will amount to Rupees 40/- per month and Rupees 480/- per annum. Such a relief has not even been given to the rich of the country. As this relief will be provided through the Bait-ul-Mal from where rebate coupons will be issued, the procedure is not only Islamic, but ensures that the rich riff-raff of the country do not avail this concession. It is indeed the second step, the first being creation of Bait-ul-Mal towards creating a truly Islamic society of people living on dole.

Noninclusion of agriculture earnings in the direct taxable category has also been ruled out by the Finance Minister. Another Islamic landmark of the budget, specially when "the agricultural sector was already overburdened by direct taxes and there was a net transfer of resources from the agricultural sector to other sectors." Let us accept that whatever projection of our feudal society is given by PTV [Pakistan Television and NTM [expansion not given] in their dramas, the condition under which our feudals live is rather pathetic and the imposition of tax on them will be most uncalled for. They have to maintain Pajeros, Pariahs, Primates, etc., to survive. It is they who are providing the major source of foreign exchange income by allowing their tenants to cultivate rice, wheat and other crops. By living in rural areas, devoid of modern basic amenities, they either have to create such amenities for themselves in their villages or establish another establishment in Karachi, or Lahore or Islamabad or at other such places, thus incurring much more expenditure than what a city-based industrialist incurs. Islam demands justice and equity for all and sundry. This is what the budget has tried to accomplish.

We will not go into the details of budgetary figures. It has no relevance to people; it is the overall effect that matters. Like the elephant's teeth, figures also have two sets—one for public display and the other for actual use. If nature can provide to one of its creation two sets of

teeth, why cannot we human beings have two sets of figures? It is always good to live in illusion and dreams; especially when one does not have anything to lose and what one had is already lost in Coop scams!

It is the future we have to look for, the future here and more so the future hereafter. The present budget is not for today, but for the future, much more is likely to come in the future that is in the next twelve months. Nothing can be final in this life.

A budget with an Islamic character has to be accepted in good faith, especially when it was presented after the Zohar and before the Asr prayers. The past budget presentations usually overflowed either Asr or Maghrib timings. At least there is a semblance that our honourable Assembly members assembled after offering the Zohar prayers and had time for the Asr prayer. This was another step in creating an Islamic environment.

The budget provides the following reliefs to the common man, apart from the one discussed above:

- Poor employees of electrical companies will be able to make a buck or two by ensuring that consumption of electricity doesn't go up in industrial units. They will earn for their technical acumen.
- A new tax of Rupees 4 to Rupees 8/-per square yard on houses and commercial buildings of certain categories and 2.5 per cent on the purchase of old cars more than 800 cc will provide some relief to the underdog and the Excise and Taxation people.
- The Tax Collector will have a field day; they will have to visit every shop, every office, every factory, as opposed to looking after no less than a million tax payers in the country as their clientele has been increased by over three times.
- Poor textile mill owners were hard hit by the surcharge imposed in the budget. Reason and logic prevailed and the surcharge has been suspended. There may be more of such withdrawals, if it is found that the 'poor' class is adversely effected. Flexibility, give and take, in order to maintain economic tranquillity are requisites. It would be impolite to ask as to why the surcharge was initially proposed in the budget? One should not ask such impertinent questions from the budget makers. Their job is to carry out an exercise to show generation of revenue and to reduce quantum of deficit. If the exercise turns out a flop, what does it matter? Ultimately it is the POL [Petroleum Oil & Lubricant], electricity and gas that will bear the brunt.

The budget indeed, is not only Islamic but is also welfare-oriented. The poor people will be benefited most. They must wait and shouldn't get impatient. To wait and wait is their [word missing]

Strike Over Tax Threatened

92AS1029C Islamabad *THE MUSLIM in English*
26 May 92 p 5

[Article by Aurung Zeb: "Traders Threaten Strike if Tax Proposals Not Withdrawn"]

[Text] Lahore, May 25—A convention of the traders representatives, coming from all over Punjab, held here Monday, unanimously rejected the federal budget and demanded withdrawal of new tax proposals. They threatened to observe strike in the province if tax proposals were not withdrawn.

The convention approved the struggle already launched in some important industrial and commercial cities of the province and also directed all local traders organisations to start protest against the budget in all important cities of the province.

The convention also constituted a committee under the convenorship of Khawaja Azhar Gulshan, which will chalk out further programme in order to press the government to withdraw sale tax, income tax, and other new taxes. The convention made it clear that these taxes would further increase corruption in tax collecting departments.

The traders convention, which remained in session for more than five hours, laid special emphasis on the unity in the traders community.

Khawaja Azhar Gulshan, who was presiding over the convention said traders were peaceful community and they did not want unnecessary conflict with the government. He said the government wanted to apply all sorts of methods to make this strike unsuccessful, but the traders with their unity would frustrate the government efforts.

Rao Abdul Mannan from Sargodha said the government, in every budget, increases sales and income tax. He said in this connection the government must take the traders into confidence. He asked the traders that they must realise their power, as they had overthrown governments in past.

Mir Gohar Rehman (Lahore) said there were indications the government wanted to collect tax with the help of police. He said this was a disgrace to the traders. He threatened if the government adopted such measures then traders would strongly resist them. He warned that if the government did withdraw its taxes, then she would be responsible for the consequences. [sentence as published]

Abdul Mannan from Faisalabad said since 1985, when the assemblies were revived, 232 new factories were installed in the country. He disclosed, except for 40, all factories belong to the members of the national and provincial assemblies.

He said as a result of bad government policies, the actual deficit in the budget is Rupees 113 billion, and this needs collection of Rupees 17 billion in sales tax every month. He said traders had already started hunger strikes in Faisalabad.

Will Accelerate Corruption

92AS1029D Islamabad THE MUSLIM in English
23 May 92 p 4

[Article by S. Ahmed: "National Vs Family Budgets"; italicized words as published]

[Text] The government comes up with a budget annually to mobilise resources to fund its administrative activities as well as development programme. And as its current expenditure keeps on increasing its development outlay keeps on shrinking, contrary to the needs of a poor developing country with a population of 120 millions.

As a result, the developing outlay is less than 23 per cent of the total budget now. And such shrinking of the development budget, even in the final year of the 7th five-year plan, will ensure that we remain for too long a poor developing or Third World country with all its painful or perverse features.

The development outlay is so small that after allocating 25.3 per cent of the overall budget for it, the Finance Minister raised additional revenues for Rupees 17.5 billion and then cut the development outlay by Rupees 6.5 billion and that reduced the development's share of the overall budget to 23 per cent. As the debt service as well as defence burden keeps on rising, the next budgets allocation for development is more likely to be close to 20 per cent in reality.

Anyway, the government has to have its budget well before the financial year begins, and be sure the sources of its revenues, the companies, have to have their budgets as well. And if they are taxed further, they raise their prices or reduce their expenditure or do both. But what are the people with fixed incomes to do when the government budget wrecks their little informal domestic budgets year after year? How do they balance their budgets when they do not have the options the government and the companies and even small traders have? Where then do the people find the money to pay the higher taxation as well as higher prices which follow each budget with its heavy indirect taxation, which is now 85 per cent compared to the direct taxation of 15 per cent, as Mr Sartaj Aziz says?

It is not only in the interest of the families but also the government and the country as a whole that the people earn more, spend less and save more. The official policies should be aimed at increasing the domestic savings in a country with a low national savings rate of 13 per cent compared to the need for 20 to 25 per cent savings in relation to the GDP [Gross Domestic Product]. Such savings would mean a fall in inflation, less pressure on

the market, larger investment and faster economic growth—precisely the kind of happenings which Pakistan desperately needs.

But year after year the government is bursting the family budgets and increasing the indebtedness of families. And it is doing that in a variety of ways. Each year, even before the budget, wheat support prices are increased by 10 to 15 per cent, and the free market price of ata then increases substantially. The budget follows [with its heavy levies like last year's additional imposts [sentence as published] of Rupees 23 billion. And this year we have to wait to see what more levies the government comes up with, like last year's post-budget levy of 31 paise as Excise duty on a telephone call which raised the telephone fee by 56 per cent to Rupees 1.56 per call.

The provincial government and the municipalities will soon come up with their taxes as they are expected by the Centre to mobilise larger resources on their own. If they did that, the Centre would give them matching funds, as the Punjab is getting Rupees 7 billion more this year.

The government and its agencies then increase the railway and PIA [Pakistan International Airlines] fares, increase the POL [Petroleum, Oil & Lubricant] gas and water rates. And the prices of petrol and other petroleum products go up because of the devaluation of the rupee. And the devaluation by about 10 per cent on an average by itself makes all imported items more expensive. And as the government goes on printing more and more currency notes, and inflation rises, goods and services become even more expensive.

Such pressures on the family budget have been mounting not for one or two years but constantly as inflation and devaluation have become a vicious way of life with us. As a result, the family budget is under constant assault, and substituting what one eats—mutton or beef or—cheaper price goods for the more expensive, or buying fewer new clothes than before and going out to restaurants less often than before have not made life easy.

Look at the kind of levy the government has come up with now. It will collect a withholding tax as a new feature of the wealth tax at Rupees 4 to Rupees 8 per square yard on houses built on plots above 600 square yards, and there is a withholding tax of Rupees 500 to Rupees 1,500 on cars above 1000 cc and a 2.5 per cent tax on the sale of second-hand cars.

It is easy to argue that the withholding tax will be adjusted against the wealth tax or income tax to be paid. But when one goes to the department, one encounters all kinds of problems even when one is a regular tax payer.

And look at the 26 items on which the sales tax of 12.5 per cent has been imposed or at the 30 items which have been subject to sales tax on sales made by commercial importers, wholesalers and retailers, and the nine items on which sales tax is paid by the commercial importers and wholesalers, which will now be subjected to sales tax again. Most of them are items of domestic use, like

carpets, synthetic or woollen, ceramic tiles, sanitaryware, foam and foam products and chip-board.

And while the sales tax on steel ingots has been raised from Rupees 375 to Rupees 500, many steel products of domestic use like needles and nails to iron and steel utensils, knives, cutlery and similar kitchenware and even tomato ketchup and naphthalene balls are now subjected to 12.5 per cent sales tax.

The government has reduced import duty from 90 and 80 per cent to 50 per cent on air conditioners, deep freezers, TV sets, washing machines, etc., but it has simultaneously imposed sales tax of 12.5 per cent, which may ultimately bring little or no gain to the consumer.

In the case of foreign travel, tax which has been raised from Rupees 280 to Rupees 500, Mr Sartaj Aziz said the other Rupees 200 was paid to the Civil Aviation Authority [CAA] as if that is not a government department. What matters for the people is that they have to shell out Rupees 700 now, and not to whom they have to pay. To them the CAA is as much a part of the government as the Finance Ministry is.

What matters to the people is that all these payments have to come out of a single pocket and that is not elastic or expanding in all the cases, particularly of the fixed income groups. How can they make allowance for paying Rupees 2 for each telephone call instead one Rupee one they had to pay before the last budget. They have now to pay in fact Rupees 4 to Rupees 6 for each call because of wrong connections and the line breaking down in the middle of the talk.

How can they plan any savings in such anarchical budgetary environment? How can they plan a holiday or education for their children in better schools or colleges or to buy a consumer durable or a small car when the family budget is under constant monetary and fiscal assault as a result of official budgetary policies?

Companies used to complain they have to pay 30 to 40 kinds of taxes. But while the Finance Minister claims to have rolled three corporate taxes into one, and reduced them over a five-year period, from now on, the diversity of taxes on householders is increasing. And the various withholding taxes in the case of honest tax-payers, particularly the salaried, could mean a lot of hassle.

In his anxiety to mobilise all the funds he needs, the Finance Minister is ready to tax anything and everything that comes his way, or the Central Board of Revenues spots, and comes up with tax after tax as well. But how will the fixed income groups find the resources? Some will take to corruption modestly in the beginning and then in a big way to foot the bill. Enough damage has been done to the society and the country through this means. Does the Finance Minister want more of such corruption now, following his efforts to drive the people to the financial wall?

The defence of the country is important. And the government cannot renege on its debt service. Surely when the rulers talk glibly of the sanctity of the *Chaddar* and *Char Diwari* the financial security of the homes is also important. If that is breached, the result will be an increase in corruption, and finally a rise in crimes as some persons would not want to wait for opportunities to receive some bribes to come up, but would go out to do some quick killing and make large money and repeat it. The Finance Minister should hence hold his hand instead continuing his mindless depredation of the domestic budget.

Shortchanges Poor

92AS1029E Islamabad THE MUSLIM in English
16 May 92 p 7

[Editorial: "The Budget Offers Little to the Poor"; italicized words as published]

[Text] The much feared May 14 has passed producing a budget pronounced as a "poor man's budget" by the Prime Minister and dubbed as a "mini-budget" by the former Prime Minister, Benazir Bhutto. Both are exaggerations. The budget has offered nothing to the poor and low income groups except possibly a gimmick on attack coupons of Rupees 1 through the *Baitul Maal*. In fact, the additional taxation of Rupees 16 billion and nontax levies of Rupees 1.6 will hit the poor and low income groups. And the additional excise revenues of Rupees 6.77 billion and sales tax revenues of Rupees 2.23 billion will be paid by the people as a whole, as these are mostly indirect taxes. Their ultimate effect will be far higher prices than warranted by the additional taxation as the importers, manufacturers, wholesalers and retailers will enhance their margin of profit substantially by attributing all that to additional taxation.

How valid is the contention of Ms Bhutto that the Rupees 261 billion budget is only a mini-budget would be known after the enhanced rates for power, gas and higher fares of the railways and possibly of PIA [Pakistan International Airlines] as well as the higher prices of POL [Petroleum Oil Lubricant] are announced one after another, following the higher prices of atta and other food items to accommodate the higher support or procurement prices. With the WAPDA [Water and Power Development Authority] and other autonomous bodies free to increase their tariff as well as raise the volume of resources from the market, they may be tempted to raise their tariff pretty high.

The fact is that the elaborately orchestrated nine objectives of the budget are not very different from those mentioned when earlier budgets were presented. But there has been a large gap between the avowed objectives and the actuality: The objectives certainly have some new features, like the corporate tax relief, including for banks, extended over a five-year period and larger incentives for foreign investors in special industrial zones. And the base of taxation has certainly been widened to

make tax evaders, including the *zamindars*, pay at least something to the government.

The gap between the objectives and the reality is ample because of the record current budget deficit of Rupees 40 billion and the final deficit of Rupees 45.4 billion, despite the external aid of Rupees 49.6 billion. To reduce the current budget deficit Finance Minister Sartaj Aziz came up with additional fiscal measures for Rupees 17.54 billion and he has slashed the Annual Development Plan as presented to the National Assembly by Rupees 6.5 billion to reduce the overall budget deficit to Rupees 64.77 billion, or around 5 per cent of the GDP [Gross Domestic Product]. The IMF [International Monetary Fund] has been pressing Pakistan to reduce the mounting debt burden of the country as well as lower the heavy debt service cost to this level, and he wants to comply with that at last.

As a result, a developing country with 120 million people will be spending only Rupees 67.4 billion, or less than 25 per cent of its budgetary resources on development while 32 per cent will be spent on debt servicing and 28 per cent on defence, a total of 60 per cent. Debt servicing will next year claim Rupees 93 billion as compared with Rupees 68 billion in the current year, and defence Rupees 82 billion as compared with the revised expenditure of Rupees 75.76 billion and the budgeted Rupees 71 billion this year. With both the items soaring, the current budget deficit has hit a record Rupees 40 billion and ultimately forced the slashing of the ADP [Annual Development Program] to 67.6 billion, as compared with Rupees 63.7 billion in the current year. If adjusted for real inflation, the next year's ADP will be far below the curtailed current year's outlay. And how far the monetary initiatives of the autonomous bodies and the private sector initiative fills the large void of neglected development in a developing country remains to be seen.

The government has come up with some real confiscatory measures, like raising telephone call fee to Rupees 2—a rise of 100 per cent in two years—doubling the passport fee to Rupees 800 and raising foreign travel tax to Rupees 500 from Rupees 280. Simultaneously, it has resorted to taxing the same items again and again, like cars and particularly in respect of the 12.5 per cent sales tax. This tax has now been imposed on 56 more categories of items of common use. While there is already a sales tax on paper, it has been imposed again on paper products such as envelopes, packets, boxes and cartons. And while the tax on steel ingots has been raised, sales tax has now been imposed on steel products from needles to cutlery, and table and kitchenware as a whole.

Similarly, some duties have been withdrawn by one hand and reimposed by the other. While import duty on watches has been reduced, sales tax has been imposed on wall and table clocks. Simultaneously, while air conditioners, refrigerators and TV sets will now enjoy a reduction in import duty from 90 to 50 per cent, they are

now subjected to sales tax. As a result, the people may not get the benefit of the tax reduction even if that be larger than the sales tax.

It is wrong on the part of the Finance Minister to argue that tax revenue in Pakistan is inelastic. The revenues next year would expand by Rupees 42 billion—from Rupees 205 billion to Rupees 247.5 without additional taxation, and that is over 20 per cent. And yet, he has come up with additional taxation to increase the revenues to Rupees 265 billion. His problem is hence not inelasticity of revenues as much as the steady rise in expenditure, which this year, has risen from the budgeted Rupees 249 billion to Rupees 262, while the revenues fell from the budgeted Rupees 242 billion to Rupees 205 billion, a fall of Rupees 37 billion. The problem is not inelasticity of revenues as much as rash overestimates and the final sharp fall in revenues.

Additional fiscal measures proposed for the next year at Rupees 17.54 billion or less than the current year's hefty Rupees 23 billion. And despite projection of larger resource mobilisation, as reported in newspapers earlier, he has come up with a lower target, as he does not want to fail again after more of wild overestimation. And since the final budget proposals have been rather hastily put together, without realising their contradictions, the actual resources mobilised next year may again be short of the present projections.

The final burden on the tax payers will not be known until after the provinces, too, have come up with their budgets with the kind of new levies they are encouraged by the Centre to mobilise larger resources. And the pains of the tax payers is compounded by the fact they get too little in return for the taxes they pay. And this time, the Finance Minister has chosen the middle class for the bulk of his additional taxation, while those with large incomes stay largely scot free. Making the people pay Rupees 800 for an ordinary passport as a symbol of Pakistani nationality is too heavy.

It has been proved that it is easier to tax the people more than to collect the revenue from them or reduce the soaring official expenditure. Will the government really reduce its administrative expenditure by Rupees 4.5 billion by cutting down the number of useless ministries, divisions and departments, while retaining the staff? And what would happen to the surplus ministers in our mega cabinet?

It remains to be seen what extent of deficit financing will be resorted to next year, while the budgeted deficit target is Rupees 64.77 billion. Massive printing of notes to meet government expenditure can be even worse than taxing the people as it enhances the fear of inflation further on the one hand and increases the demand for goods on the other. If the people are not to be hit too hard by taxation and inflation next year, we need a more efficient, methodical and conscientious government which is also truly economic and continuously concerned with the plight of the lower incomes groups.

While it has always shielded the rich *zamindars* from any kind of tax on their large incomes, it cannot leave the poor exposed to too many privatisations.

Intended To Appease Donors

92AS1029F Peshawar *THE FRONTIER POST*
in English 16 May 92 pp 1, 4

[Article by Altaf Hussain: "Government Goes 'Extra Mile' To Appease Donors"; quotation marks as published]

[Text] Islamabad—A careful observation of the new budget, presented by the finance minister, clearly depicts that the government travelled an extra mile to appease the international monetary agencies and thoroughly protected vested interests, leaving common citizenry to be the end loser in the whole episode.

Confusion that prevailed about the exact budgetary figures on Thursday due to the innumerable last minute changes that could not be reflected in the already printed document was removed in the post-budget press conference addressed by the minister for Finance and Economic Affairs, Sartaj Aziz here on Friday morning. According to these informations, the total size of the budget after deduction of Rupees 6.5 billion from the Annual Development Programme [ADP], is now reduced to Rupees 286.4 billion and the total revenues that earlier stood at Rupees 247.5 billion increased to Rupees 265 billion due to the fiscal impact of revenues measures, announced by the government at the tune of Rupees 17.5 billion. The overall fiscal deficit for the year 1992-93 has been brought to Rupees 64.77 billion from Rupees 88.8 billion after the adoption of these measures.

The new combination of various budgetary allocations presents rather a more startling picture of how the government perceives the importance of various areas of concern, and how they have been accommodated in the national budget. For instance, according to the revised figures, the ADP is now at Rupees 67 billion compared to Rupees 78 billion in the revised budget of the current fiscal year, leaving a difference of Rupees 11 billion. On the contrary, the defence expenditures have increased by Rupees 12 billion from Rupees 70 billion in the 1990-91 budget to Rupees 82 billion.

On the one hand, despite the biggest resource crunch being faced by the government, allocations for defence have continued to increase at the cost of already scarce resource available for the developmental purposes. An increase of Rupees 13 billion in one year also reminds of the heavy borrowing by the government in the last two years due to which the government is now paying significantly more than it is actually receiving. The net result is the crowding out of precious budgetary resources for the purposes not contributing any positive thing in the national developmental activity. On the other hand, the top-notchers in the IJI [Islami Jamhoori Ittehad] government are persistent to go ahead with some of the most expensive projects, that might be justified at some later

stage when the social indicators are improved to a reasonable extent cause more pressure on the size of developmental budget. Can any sane person in the country justify the investment of Rupees 43 billion in just telecommunications and the highways sectors. Even if the figures provided by the government for public consumption are taken as correct and final, is it feasible for an economy, which is running short of Rupees 65 billion as the overall fiscal deficit, despite of taking Rupees 50 billion foreign loans and a significant amount of loans from the local financial sector to spend Rupees six billion on just a piece of road not bigger than around 400 kilometres in length out of a total of Rupees 10 billion allocated for the highway sector.

Keeping in mind the travelling conditions and the traffic load involved on the national highway that runs between Peshawar to Karachi and the utmost necessity of constructing field to market road, it seems highly ridiculous to spend 60 per cent of the developmental resources on a 400 km road and the rest for a network of more than 7,000 km. It is to be noted that the total distance of Lahore-Islamabad and Islamabad-Peshawar motorways is 15 times less than the total road network under the administrative control of the National Highway Authority.

According to the details made available by the finance minister in the press conference, the government is so desperate to collect revenues from each and every possible means that many of the household items earlier enjoyed exemption from the sales tax have now been brought under the tax net. For instance, utensils of iron, steel, copper and aluminium, cutlery items and even small items mostly used by the petty craftsmen like nails, hand tools, pipe fittings etc., will be expensive after this budget due to the imposition of sales tax whose details have not been announced by the government.

It is not unwise to say that all the taxes the government has imposed on the members of affluent society well in any form will be transmitted to the people at grassroot level and the worst hit will be that segment of the society that relies on the lumps amount of salary they receive every month and those not even sure the meal will be available to them at the next instance.

Such an appalling amount of budget deficit and the consequent internal and external borrowing are being consumed for the accomplishment of vested interests and the common man's sufferings are multiplying every day.

A major role in the new budget and its formation has been played by the international monetary agencies who have a long list of demands in the form of conditionalities that serve as the yardstick to measure the size of new aid and loans for Pakistan. Especially the taxation part of the budget makes it explicit how the government is blindly following the policy framework paper as a heavenly scripture. The influence of the PFP [expansion not given] in the macroeconomic structure of the country is

evident from the fact that by going through this paper, one can easily predict the main policy lines of the government to be followed in the budget of 1993-94. As the government had the target of expanding tax base especially the GST [expansion not given] and excise duties and the elimination of various exemptions on tax coupled with the reduction of maximum customs duty from 90 per cent to 80 per cent for the budget 1992-93, the same can be predicted even now for the budget that will be announced in May 1993 provided that one has the access to the PFP.

The main thrust of the PFP is enhancement in domestic revenue generation through various means including increase in taxes, elimination of subsidies and tax exemptions and readjustment of rates of gas, electricity and other utilities. A combination of compulsions for the accommodation of monetary agencies' conditionalities and preferential treatment to the accomplishment of vested interests if continued to persist for a couple of more years than virtually there will be no poor left in this country as the sitting prime minister has predicted time and again.

Businessman's Budget

92AS1029G Peshawar *THE FRONTIER POST*
in English 16 May 92 p 6

[Article by Afzal Bokhari: "Thoughts on New Budget"]

[Text] With a heavy brickload placed randomly on his head, the ill-clad labourer went up for the umpteenth time to the uppermost portion of multi-storey under construction building. With hardly any faith in facts and figures, the daily wage earner listened vaguely to the comments being passed around him on budget.

Putting down his wooden plank, the common labourer from the working class city locality of Hashtnagari volunteered his comments: "Look here, Babu, the *roti* with its shrunk size has already shot up to one rupee a piece and the indications are that it may not stop there. The way I sweat myself out from dawn to dusk, one or two *rotis* do not mean anything to me. So three or four of these at a single meal can come up to an average of 12 *rotis*/rupees a day and lest you forget I have a labouring wife and half a dozen of semi-starved children, too. Do you have the time or patience to calculate my daily requirements on food, clothing, schooling..?"

Well, nobody has the patience or time to do such a mundane thing. Least of all the budget makers. The Hashtnagari labourer is just a solitary instance but he represents the working class homes which constitute a majority of the population in our land of the pure. Working class homes are the first to be directly affected by a budget whether it is mini or otherwise. These are precisely the homes for whose welfare the budgets are made the world over.

But not so in Pakistan. Never before in the country's history has the gulf between the rich and the poor

widened so rapidly and visibly. According to a conservative estimate, something between 65 and 80 per cent of the national budget goes directly or indirectly towards the heads which are closely or remotely related to our manifestly oversized armed forces. Another 15 per cent is eaten up by debt servicing. What remains is then reluctantly used or misused on health, education, development and what you have.

What has come as an obvious surprise to any student of economics is that despite the mounting pressure from the International Monetary Fund [IMF] and its chief patron the United States, our policy planners have refused to budget. Instead of slashing the defence outlay, they have increased it by 8.4 per cent.

After the end of the cold war and the much-trumpeted fall of communism, the western world has literally gone ecstatic and, therefore, initiated an otherwise well-intended campaign of disarmament. Being a time-tested ally of the western bloc, Pakistan will sooner or later have to fall in line. But if Thursday's defence allocation in the budget is any indication, we are desperately going the wind.

Our suspicious neighbours are already accusing us of adopting a military posture which is far too big for our boots. Our detractors did not even like Prime Minister Nawaz Sharif's air dash to Kabul and said that it amounted to declaring Afghanistan as our sixth province.

Whatever we mean by welcoming or criticising the new budget the fact of the matter is that 77 per cent of the taxes will ultimately be passed on to the common man. Due to wrong economic policies, our rupee has fared awfully bad when compared to the stable world currencies like the dollar or the pound. This has meant a snowballing inflation and declining savings at home.

Nondevelopmental expenditures and the alleged corruption among our parliamentarians have already led the British daily *GUARDIAN* to predict mid-term polls in Pakistan. The paper's woman correspondent Kathy Evans wrote last week that three of Islamabad's top military leaders were increasingly getting impatient with the rampant corruption.

The opposition parties are likely to make a political capital out of the post-budget situation in and out of the parliament. The well-entrenched anti-democracy lobby which is silently watching the emerging scenario from behind the fence can only feel overjoyed at the prospect of finding the government and the opposition once again at each other's throat.

The present budget is no doubt a businessman's budget and the common man can get lost for all one knows. But taking the issue to the streets and blowing it out of all proportions may badly damage the cause of the poor. So the only wise course in this regard appears to be that of

mutual dialogue but for this, the government will probably have to come over its Al-Zulfiqur hangover. Good-will and political courage on both sides can frustrate all conspiracies against the frail democratic system.

Mere Ritual

92AS1029H Peshawar *THE FRONTIER POST*
in English 16 May 92 p 10

[Editorial: "1992-93 Budget: More of a Ritual"]

[Text] The deficit in the 1992-93 budget may balloon up to Rupees 114 billion, and if expenditure on the autonomous corporations is included as done in the past, it would be in the vicinity of Rupees 130 billion. However, the finance minister has estimated it as Rupees 65 billion to keep it within 5 per cent of the GDP [Gross Domestic Product]. Since the expenditure has been underestimated and income overestimated, and the expenditure on the autonomous corporations is excluded from the budgetary estimations, the deficit has been shown much less than actual. While deficit in the last budget was estimated at Rupees 59.1 billion, it reached Rupees 79 billion as admitted by the government now, and if you include the expenditure on autonomous corporations, the figure is as big as Rupees 103 billion. Although the new taxation measures of Rupees 14.01 billion announced by the finance minister are somewhat innovative, the budget is quite lacking in taking substantial measures in reducing the current expenditure and raising the income. Most of the new proposed taxes have been levied on the elitist consumption and not on the income of the rich. The scope of sales tax and withholding tax has been expanded, which will bring consumers under increased inflationary pressure. There is no relief for the poor and fixed income groups except a laughable rebate of one rupee on an already inflated price of atta. With a decreased share of the Annual Development Programme (ADP) and a meagre amount of Rupees 11.5 billion to be spent in three-year plan of Social Action Programme, no visible improvement in the social services and the lot of downtrodden can be expected. On the other hand, some independent researchers have estimated a conservative expenditure of Rupees 190 billion necessary in order to improve basic amenities of life, such as preventive health care, primary education, potable drinking water, and to bring about a palpable improvement in social services. Given the upward movement of expenditure on defence and the debt servicing, the austerity measures announced are nothing but a joke.

After deducting a defence expenditure of Rupees 82,152.3 million and debt-servicing of Rupees 93,175.8 million from net federal revenue of Rupees 178,604.1 million, the federal government is going to incur a loss of Rupees 3,275.9 million in the current financial year. It will have to borrow heavily from internal and external sources to meet remaining expenditure.

The IJI [Islami Jamhoori Ittehad] government will resort to mini-budgets and allow the autonomous corporations

to raise their charges, which will bring the financial crunch on the masses in the months to come. A positive outcome of the policies of the IJI government pertains to a 25 per cent increase in private sector investment in the last financial year. But the real issue is, where has this investment gone? It has mostly been consumed either by tertiary sectors or consumer industry instead of going into basic industry or machine-making industry. Although the reduction in corporate taxes and a tax holiday for the investors in the "Special Industrial Zones" will give an added impetus to private investment, it cannot materialise unless efforts on a large scale are undertaken to improve a much neglected physical infrastructure. The inclination to invest in infrastructure to increase electricity production by 2,711 megawatts, six million new telephone connections and plans to build new highways and improve the existing roads are commendable. But who will foot the bill? Due to a failure in raising local components, many of the projects could not be undertaken or completed despite the availability of project aid from the donors last year. Moreover, the structural weakness of an underdeveloped economy has not allowed us to bail out of an everdeteriorating balance of payment crisis. Despite an increase in 90 per cent of our agricultural and agricultural-related exports and because of an unscrupulous import liberalisation, the balance of payment will continue to deteriorate until we drastically shift to value-added exports. The inflation, illiteracy, unemployment, poverty and wastage of precious resources will continue to grow in tandem with our unwise economic priorities. The economic crisis will become unmanageable, irrespective of the government in power until we bring structural changes in the economy, and learn to live within our means. It is better to dispense with the annual budget-making ritual if we are not serious in fulfilling our targets and presenting a true picture of the economy before the nation.

Deficit Skyrocketing

92AS1029I Peshawar *THE FRONTIER POST*
in English 15 May 92 p 6

[Article by Khalid Malik: "That Is the Way the Money Goes"; first paragraph is *THE FRONTIER POST* introduction]

[Text] The budget debate is heating up all over Pakistan and yet very few people have any real clue as to what is happening in the inner core of our nation's management offices. Khalid Malik points out the defects in the approaches of our current planners and economists, and suggests alternatives to balance a Rupees 250 billion budget.

Between 1947 and 1989/90 the Government of Pakistan (GOP) borrowed through overdraft arrangements some 138 billion rupees, working out an average of approximately 3.28 billion rupees annually. However, since 1990/91 Mr. Sartaj Aziz, the finance minister, managed to borrow an additional 74 billion or so to partially cover the deficit from the previous year's budget.

This works out to almost an increase of over 2,256 per cent over the previous annual average. Even those who have the bare minimum knowledge of economics will see that this is not the long-term solution to fill the budget deficit gap.

To add fuel to the fire, the federal government has been soaking up liquidity from the commercial banks, financial institutions, pension funds and other similar cash-pools to cover its obligations under the disguise of short term bridge-financing.

In addition, the international monetary agencies are very worried about the effects of commercial paper issued by the State Bank of Pakistan without proof of adequate back-up reserves.

Balancing the national budget through the assumption that foreign aid and foreign donations will flow into the country is a very treacherous way of window-dressing. This is exactly the way through which most of the South American and sub-Sahara African countries committed economic hara-kari in the late 1970s and 80s.

The budget debate is heating up all over Pakistan and yet very few people have any real clue to what is happening in the inner core of our nation's management offices.

Everybody is crying about the budget deficit, inflation, higher taxes and similar other conventional tricks of the budget trade. Yet, the outcome is most likely to be very different once the proposed budget bill clears all the usual parliamentary hurdles.

For example, the horse trading and wheeling-dealing that normally takes place both on and off the parliament's floor will have most of the usual pressure groups on behalf of traditional lobbies, like the farmers, construction groups, sugar mills association, cement producers association and the ever begging textiles sector, looking for the usual sweeteners in the budget and ready to strike deals at any cost.

The annual budget deficit, almost 100 billion rupees, is planned to be covered through 40 per cent in foreign aid and donations (to pay for interest on our previous U.S.\$ 40 billion borrowings), 30 per cent in gradual tax increases (direct and indirect both) and 30 per cent through project related grant packages such as development programs, etc.

To count on charitable donations or aid grants from the donors as a permanent income source is hardly sound economic policy. The charitable donations are only subjective and never consistent in quantity or quality. For example, if Germany offers us blankets by showing pity towards our poverty stricken nation from their Salvation Army stores worth Rupees 5 million, and the government of Pakistan goes and sells it to Afghan government for Rupees 7 million, does our government consider it to be a regular long term source of income supply?

Equally disturbing and invariably degrading is the aspect of counting on aid packages from other countries or relying on the mercy and compassion of donors, as the international banking circle have coined a new meaning of GOP (Government of Pakistan) as "Government of Panhandlers."

The only surprise factor about this budget, as opposed to the previous ones, is that the old hand, Dr. Mehboob-ul-Haq who was initially not a part of the budget planning process, has been brought back on special assignment. As a result of this extra budget package, we can now count out any intelligent budgetary engineering.

Mehboob-ul-Haq is the master of boosting up indirect taxes on the typical socialist central European pattern. He loves to cover budget deficit with disguised foreign aid packages. His passion for hitting hard at the lower middle class is to be feared. He always flirts with defence budget increases and his favorite touch of personal preferences is to raise the prices for fuel and petroleum based products and similar essential products and services, irrespective of repercussions.

Mehboob-ul-Haq belongs to the old guard, which includes former financial boss, currently the president Mr. Ghulam Ishaq Khan. The fact that they plan as they do is not due to any particular nonfriendly or unsocial habits, but merely because they were the products of an era when the magnitude of budgetary deficit represented the level of expansion in an economy.

Their belief in deficit budgets is due to their lack of contact with real business ethics and financial creativity. A dogma of fictitious social democrat thinking.

Sartaj Aziz, the finance minister, tried to get away from the shattered image, and the only alternative he could find was to go about printing more money. In doing so, he perverted the financial theories of sane practices. His idea was almost childish—to go on a money printing binge to cover possible budgetary shortfall. What he forgot was that by printing zillions of rupees he was pushing up the inflation in the country.

To suggest a complete change or major alteration in the existing set-up of our national economic management structure would be like asking Moses to split the Nile once more.

How does a finance minister wipe out 100 billion rupees worth of deficit without draining the last drop of blood from an almost lifeless economy of the nation? Sartaj Aziz certainly does not have a clue to that, neither does Mehboob-ul-Haq, nor did any of the previous finance ministers of Pakistan. Otherwise, we would not be in the mess where we stand today.

Some thought provoking ideas for our readers are suggested hereinafter to balance a 250 billion rupee budget.

Firstly, the administration cost of the national budget should be frozen at 2 per cent instead of almost 7 per cent as at present, saving us almost 12 billion rupees.

Secondly, a freeze of the defence budget at 1992 levels disassociated from the annual inflation index, resulting in savings of almost 10 billion rupees.

Thirdly, conversion of all fossil fuel-based vehicles and power systems into domestically produced feedstock such as methane, propane, butane, wood, coal, waste and other similar items, will provide us an annual savings of approximately 20 billion rupees.

Fourthly, an adequate and equitable agro-based taxation will produce additional revenues of almost 18 billion rupees.

Fifthly, a revaluation and renegotiation of our national debt for restructuring of the total foreign component of the national debt load would release another 50 billion rupees per annum into the economy.

Sixthly, reducing the indirect taxes and bringing them down to 1/4th of their present value, while compensating the effect by increasing the direct taxes on national level by 1/3rd of their present value and adjusting the whole mechanism with a value-added-taxation on all products and services, except essential services and strategic products, will yield almost 120 billion rupees.

Seventhly, the economic expansion thus resulting from adaptation of items 1 to 6 above will give out an annual resource revenue of over 40 billion rupees.

The planners in the government and the opposition should be able to add up these figures and come to the total of some 270 billion rupees. However, as there is no deficit in this sample budget, it will probably confuse them no end.

Deficit Cover-Up

92AS1029J Peshawar *THE FRONTIER POST*
in English 15 May 92 p 1

[Article by Akmal Hussain: "New Budget Conceals Explosive Deficit"]

[Text] The budget of 1992-93 conceals the explosive budget deficit in the cool ambience of financial flash and dash. While taxing the consumption of the rich, it increased their net money, income, and leaves the poor in oblivion. It is a combination of hope, some innovative tax measures and tentative steps towards encouraging the private sector to increase investment.

The hope lies in the Rupees 65 billion over all budget deficit envisaged for the year 1992-93. Considering that the overall budget deficit planned for the year 1991-92 was Rupees 59.1 billion, while the actual figure acknowledged by the government is as high as Rupees 79 billion, one can expect next year's actual figure to be Rupees 84 billion assuming that the margin of optimism is the

same. Of course, if one were to add the expenditure of the autonomous corporations, such as WAPDA [Water and Power Development Authority], OGDC [Oil and Gas Development Corporation], T & T, etc., then the 1991-92 budget deficit figure comes to Rupees 103 billion, and 1992-93 would go over Rupees 114 billion (assuming that the expenditure of autonomous corporations does not rise).

The budget 1992-93 is innovative in the sense that it attempts to tax not the incomes but the consumption of the affluent strata of society. This has been done by such measures as increasing the excise duty on food served at marriage receptions in luxury hotels, a higher import duty, as well as a sales tax on elite consumption, such as air conditioners, cameras and finally arms and ammunition. (Of course, in the latter case the bandits who constitute the largest market for weapons are likely to evade the tax through their customary panache).

The budgetary measures also include new incentives to encourage private sector investment by reducing corporate taxes, on the one hand, and providing massive tax incentives to entrepreneurs for investment in the new Special Industrial Zones: there will be a five-year exemption on income tax, an exemption on custom duty, and on import surcharge. Of course, the element of hope, implicit in these measures, is indicated by the fact that the government also expects the private sector to establish infrastructure in the new Special Industrial Zones. Considering that Pakistani entrepreneurs are not exactly world famous for their penchant to invest in long-gestation, technology-intensive and expensive projects, no one should be surprised if infrastructure in the hoped for Special Industrial Zones is late in coming. If that happens, then regardless of the tax incentives to run-of-the-mill investors, manufacturing industry will not appear on the landscape of such zones.

While there is a degree of financial skill exercised in simultaneously taxing the consumption of the rich and inducing them to invest, there is an embarrassing restraint in doing any thing substantial for the poor. There is the usual lip service paid to the issue of poverty alleviation by making marginal increases in the existing pathetic allocation of money that is supposed to trickle down to the poor after passing through the cavernous and highly porous edifice of the bureaucracy. Thus, for example, only Rupees 11.5 billion have been allocated for the Social Action Plan for the next three years in the full knowledge that the minimum cost of providing health, education, housing, and clean drinking water to the population, currently deprived of these basic facilities, is Rupees 190 billion.

Of course, the question of the delivery mechanism through which even the pathetic handout of the Social Action Plan is to reach the poor has been left out of the elegant budgetorial discourse.

Inflationary Package

92AS1029K Peshawar *THE FRONTIER POST*
in English 17 May 92 p 8

[Article by Khalid Malik: "Springing Budget Misery"]

[Text] The 1992-93 budget document, although very nicely packaged and presented, has raised more questions than it appears to have answered. The total budgeted costs and expenses of running the country as per the budget document are estimated at Rupees 292 billion.

The total estimated revenues will be approximately Rupees 247.5 billion, leaving a shortfall of Rupees 45.3 billion.

If the previous budget estimates and revised variations in it are any criteria, then consider the fact that the gap originally envisaged was Rupees 6.5 billion but turned out in the revised version to be Rupees 57.4 billion, a variation of over 783 per cent. The question that arises in light of such precedent is how reliable are the proposed budget figures this time?

The main budget components are revenues based upon internal generation and from external resources. The term internal resources is easier to understand as it deals with money collected through taxes, duties, levies, etc. However, the description in the budget document of "external resources" has been kept vague. Does it mean a form of bridge-loans to cover the real deficit which the international financial community anticipates to be over 100 billion rupees?

Another point which is unclear as to why the government has chosen to include the profits and income generated through the autonomous bodies like the railways, utilities and other similar quasi-national entities, and yet has not included the loan or debt-service liabilities of such entities in the budget.

Sartaj Aziz has tried to create a myth of junk accounting by assuming that the deficit of several billions will be covered by grants, aid and donations from other countries. What if those assumed donations, aid, grants, etc., do not materialise for one reason or the other? How do we cover the committed fixed expenses of running the nation's business then?

Technically speaking, the proposed budget has failed to impress the international financial community as there is no commitment on part of the government to show any substantial organic growth potential in the economy.

Just as an example, the organic growth in the consumer-oriented taxes will represent only about 17 to 20 billion rupees under optimistic conditions this year, but at the same time, the debt-service burden of the nation will absorb almost 13 billion rupees out of the new money, additionally, so the net result will be only a gain of about 4 to 6 billion rupees.

The legacy of ad hocism in the budget management is being maintained by not addressing the real issues that have hollowed the tree-trunk.

The planned expanded tax base at reduced rates is going to turn out to be nothing but inflationary pressures on the economy.

The capital markets mechanism on which the government is counting so heavily as to add liquidity in the system has not been fully liberated from antiquated regulatory constraints to provide the cushion effect.

Unimpressive, hastily prepared privatisation programme results have started to show blood on the national balance sheet and the potential crisis is only but started as the prized assets of over 200 billion rupees will fetch probably no more than 1/3rd of their value in a depressed market and that too on deferred terms making hard cash a rare commodity for the government to bank upon.

The additional event-risk in the budgetary documents is that most of the assumptions seemed to have pegged the price of imported oil in the U.S. dollar 15 to 18 range but if the expected squeeze in the OPEC marketing strategy was to become real during the fiscal year, the effects on our purchasing costs will be devastating as the dollar-pegged commodities will skyrocket in cost and there will not be adequate reserve capacity in the State Bank of Pakistan or treasury reserves to put in a contingency plan to work.

MNAs Term Budget Disappointing

92AS1029L Peshawar *THE FRONTIER POST*
in English 15 May 92 p 8

[Article by Zafarullah Khan: "Opposition MNA's Term Budget a Total Disappointment"]

[Text] Islamabad—The parliamentarians occupying opposition seats other than PDA [People's Democratic Alliance], viewed the budget-1992-93 as a total disappointment as it would be hitting middle and lower middle classes by making life difficult for them.

Expressing their views after the budget speech of the finance minister here on Thursday, they feared that the economic strategy of IJI [Islami Jamhoori Ittehad] government would gradually eliminate poverty by killing the poor.

Former caretaker prime minister and leader of National People's Party Ghulam Mustafa Jatoi said, the budget portrays only darkness and lacks even a single ray of hope for people. "Last year they made certain commitments with the poor but what happened later on, they have a track record of broken promises. One can't expect any good news from them," Jatoi added.

Hamid Saeed Kazmi, MNA [Member of National Assembly] (JUP) commented that the budget speech resembled with a short story written by the writer to express his inner feelings and it is far away from reality. Referring to the Bait-ul-Maal affairs, he said, faults can't be equated with experiences. But the present government seems enthusiastic to repeat its blunders.

Maulana Azam Tariq of Anjuman Sipah-i-Sahaba (ASSP) said the government had repeated its traditional strategy and the ultimate sufferers would be the poor, he

said and added poor people were expecting relief in the budget but it gave nothing but disappointment, and now they would be justified to think that the present government is also exploiting them like previous ones.

Maulana Mohammad Khan Sherani of JUI [Jamiat-i-Ulema-i-Islam] opined that every tax which was imposed had indirect influence on ordinary people, similar would be the case this time. He said production and market prices should be fixed so that the government could levy tax keeping in view [of] its effect on the consumers.

The IJI dissenter, Mian Zahid Sarfraz, was quite vocal in his criticism, and said the budget speech was quite tricky. "We are informed about imposition of new taxes on a particular class but it was also clear from the truth between the lines that the same class has been given special benefits too. "When the wishful thinking presented in the budget would be translated into practice, the ordinary people would be the major sufferers," he added. He further said the budget was a classical example of verbosity. "I feel it has been prepared by a blind finance minister who is even not aware of present prices situation in the markets," Zahid Sarfraz concluded.

The minority MNA J. Salik complained that the finance minister even didn't dare to read out the page on which there was about minorities funds, though it was included in the printed speech given to the honourable members. He also pin-pointed that the tax on liquor vindicate that an Islamic government is inclined to 'haram' its budget.

The Jamaat-i-Islami's MNA, Liaquat Baloch said the disappointing contents of the budget could be well imagined from the lack of interest, which the members of assembly exhibited during the flowery speech of the finance minister. He said the budget presented before the house was quite misleading as the statistics involved to depict present and future deficits were incorrect. The government should tax the maximum limit for deficits so that inflation could be controlled accordingly. Liaquat Baluch said and added that the privileges bill for the members of parliament was a conspiracy to defame them, but now the government had denied the increase in the salaries of working class by using its withdrawal as a plea.

Responding to the point about the winding up of various ministries he said in present political situation Nawaz Sharif can't even think of closing a single ministry.

Bizen Bezinjo of PNP while commenting on the budget said "I have read previous three budgets, I haven't found any difference in them. They all are the games of words. Only the defence, establishment and repayment of foreign debts are the lucky sectors to get larger share every year, he said and added "our policy makers and decision takers lack long term vision to end the plight of poor masses and the present budget is also not an exception.

Miraj Mohammad Khan, leader of Qaumi Mahaz-i-Azadi while commenting on the budget said, this budget reflects that our economy has reached at unmanageable stage, and now there is no other way out but radical economic reforms. He added, our economy is based on feudalistic norms and is presently being run by so-called industrialist class. Can they tell the nation with a pride that how much they have allocated for the education, health and other social sectors in the budget? He predicted, "radical urban revolt" against the present system if these policies continued. He further said the proposed taxation would add to the miseries of the ordinary masses. He suggested to introduce land reforms to strengthen economic base of the country.

Omar Asghar Khan, leader of Tehrik-i-Istiqlal, while talking to THE FRONTIER POST said the present budget has camouflaged government's failure to meet targets set in last year's budget. Last year the government outlined its policy to encourage private sector and industrialisation but this year it has imposed taxes on small industrialists, which would increase the cost of production and in the long run their industries won't be able to compete.

Referring to the sales tax and duties on items involved in textile industry he said, the consumers would suffer in the long run as cloth would become expensive.

He further added that government instead of encouraging exports has imposed duty which would be killing the zeal of Pakistan importers. On the other hand to please the IMF and the World Bank they have opened Pakistani market for foreign imports so this is anti-industrialisation, anti-export and pro-imports budget.

Omar Asghar Khan said due to the "piratisation" policy of present government their favourites have taken loans worth Rs. 40 billion from national banks to buy national assets on nominal price. The whole situation could be summarised that this is the worst budget we have ever heard," added Omar Asghar Khan.

President's Budget Bloated

92AS1029M Peshawar THE FRONTIER POST
in English 16 May 92 p 7

[Article by Umer Farooq: "Allocation of Rs. 71 Million for Ishaq's Household Criticized"]

[Text] Islamabad—For the majority of twin city dwellers from lower and lower middle class the new budget has only one significance and that is the deterioration of their living conditions.

After 24 hours of the budget announcement, nobody seems to be fully aware if the budget has anything good for them. However, majority of the poor and lower middle class people feel further rise in prices.

THE FRONTIER POST contacted small shopkeepers, lower middle class consumers and housewives for comments on budget. All of them seemed least interested in

the budget speech as according to them the only thing they got from the budget was more poverty but no relief from miseries of life.

One of them, who owns a shop at the Peshawar crossing was asked whether he heard the budget speech or read something about it in the newspapers, outrightly replied in the negative "It is the work of wholesalers to keep an eye on such things and then hoard commodities for more profits," the shopkeeper said.

Majority of the housewives contacted by THE FRONTIER POST to comment on the budget had not even bothered to watch the budget speech on television. All of them were, however, concerned about the imposition of five per cent excise duty on textiles and 30 per cent excise duty on holding of marriage parties in big hotels.

One housewife said: "The people have been facing the pre-budget price-hike for the last one month and we seek God's protection from what is about to come after the budget in which the government has levied taxes on almost everything.

Some of the middle class consumers were highly critical of the public representatives and the rulers. One bank officer lamented that while the inflation rate had touched 10 per cent the budget allocates Rs. 71 million for the expenses of president, his household and staff. The bank officer who wished to remain anonymous said: "The people who are supposed to safeguard people's interest in the parliament are looting the national exchequer."

Half-Hearted Measures

92AS1029N Peshawar THE FRONTIER POST
in English 16 May 92 p 7

[Article by Prometheus: "Half-Hearted Measures in Right Direction"]

[Text] The federal finance minister has announced a budget with a fiscal deficit of Rs. 89 billion. That he said was far above the targetted figure of 65 billion rupees, 5 per cent of the GDP. He has announced a number of measures to bring it down by 24 billion rupees.

The targetted fiscal deficit is based on a number of assumptions.

Firstly, the expenditure as originally budgetted would grow only at a rate of 14 per cent. The budget to budget comparison would indicate that the total expenditure was pitched at 24 per cent higher in 1991-92 as compared to 1990-91. Even then the expenditure shot up by about 4 per cent. How can you assume that such a tight growth in expenditure would be maintained. One wonders if the figures have not been deliberately depressed to present a digestible picture.

Secondly, the tax revenue receipts it assumes would go up by 7 per cent, making a budget to budget comparison. In estimating the tax revenue receipts in 1991-92, the figures of budget were raised by 6 per cent. There is an

expected shortfall of 10 per cent of the budgetary figure in the revised estimates of 1991-92. So the tax revenue receipts may equally be overestimated in 1992-93, judged by those standards.

If you straighten out these figures and re-estimate those on rationally expected basis, the fiscal deficit would certainly go up, and come close to 100 billion rupees. This cooked up reduction appears to be the usual technique adopted by the federal government. Let us look at the estimation of 1991-92. There is a short fall in revenue receipts by 7 billion. And if judged by that standard, there may be a shortfall of over 10 billion in tax revenue receipts in 1992-93. Similarly there is a shortfall of over 7 billion in the total revenue receipts in 1991-92 in revised estimation as compared to the budget estimates. The current expenditure which was budgeted at 230 billion in 1991-92 exceeded to 245 billion rupees in revised estimates. To pitch the current expenditure at 251 billion rupees in 1992-93 is a definite underestimation.

But the problems of fiscal deficit apart, the budgetary gap that has been estimated at 45 billion to be met from the use of cash balance is most likely to rise not only because the fiscal deficit would rise, but also because it would accompany by a rise in budgetary gap. That means more printing of money. This gap would further rise if the estimation of foreign assistance does not hold good. The total external resource has been estimated at 61 billion rupees which is higher by about 20 per cent, a little wishful, given the current trend of too much demand on Western assistance by a number of countries especially the countries of Eastern Europe and the newly emerged republics of the former Soviet Union.

The government proposes a number of measures to reduce the fiscal deficit:

1) About 7 billion is supposed to be reduced by slashing expenditures, most likely the development ones. That is an easy solution though less rewarding. More rewarding had been to cut the current expenditure on a permanent basis, for that would have had a long term effect. The reduction in development expenditure would only matter this year and may reduce the developmental benefits in certain sectors. Although most of our projects are ill-planned and do not have the necessary social cost benefit ratio.

Moreover no useful purpose is served if the government continues to reduce the development expenditure and keeps on raising the non-development one. This government has been showing an uninhibited tendency of issuing supplementary grants, and using non-budgetary arrangements for expenditures at will. It appears therefore highly unlikely that they will now change themselves so drastically. Can they curb that tendency?

The reduction in development expenditure would of course be less painful. And reducing non-development expenditure more painful. The announcement to cut

down the ministries and disband a number of departments is a good step, yet its dividends would not be immediately available. They have of course decided not to retrench any civil servant. So there would not be much of a saving this year. But gradually, if they stick to this decision, it would reduce the size of ever growing bureaucracy.

One would have expected a complete ban on further recruitment along with this step. That obviously has not been done, for all their MNAs and MPAs are itching to get their favourites recruited. And if recruitment continues, this step would become utterly meaningless in the long run, for new organisations would gradually be created and bureaucracy would have to be expanded once again to accommodate all those on the payroll.

That finance minister has chosen not to give details of the proposed reduction only shows a lack of adequate will to take this step, for that makes the proposal non-committal and vague, and may subsequently turn out to be a gimmick.

But by slashing the civil bureaucracy the government at best is dealing with 10 per cent of the total current budget. How much could you slash from this figure? The real attempt would entail reviewing the defence expenditure which consumes 35 per cent of the current budget. And who would believe that defence expenditure contains no wastage or inflated allocations? Why cannot we freeze the defence expenditure at the current year (1991-92) level. Without squarely facing this question you cannot really put any great dent on the current expenditure.

2) In addition to reducing the expenditure, the government proposes to bridging the remaining gap by raising additional revenues through broadening the tax base, reducing exemptions in income tax, and bringing more items in the coverage of sales tax, etc. These are the right steps.

The step to bring into the net of direct taxation a number of non-agriculturists by trying the recovery of tax with the electricity bill and ownership of vehicles are other good steps. To make the tax compliance more digestible some reduction in rates has been made. It would broaden the tax base quite certainly. But how much?

Despite the claim of the finance minister to improve the ratio of direct tax receipts with the receipts from indirect taxes is not perhaps going to work out the way he wishes. These are only half measures. The bold measure if they really wanted to make a major difference, would have been to bring every taxable income earning citizen into the ambit of tax compliance by eliminating the exemption granted to the agriculturists. As long as that door of

evasion is open, no measure would fully succeed. You have to completely close the doors of evasion. Otherwise the big fish would once again escape the direct tax net and only the average earner would get entangled. And what happens if the reduction in rates is utilised by the big earners and not many big fish are caught if they succeed in covering their tax evasion in the cover of agricultural income.

The downward adjustments in import duties, accompanied by raising sales tax would make a major difference to reduce smuggling of various items like refrigerators, air-conditioners, washing machines, etc. that is a sensible step.

Efforts have been made to avoid enhancing taxes (especially sales) on other items of daily consumption and such items as advertisements, marriage parties, etc., have been picked up to show that the government is concerned with the welfare of the poor. But such measures may not fetch much. Similarly proposals to review and reorganise *zakat* and *usher* collection is not going to make much difference for the government has created such a vast network of vested interests around these schemes that short of disbanding these steps no useful purpose would be achieved through half measures. Similarly announcing subsidy for poor in the price of wheat flour is going to cause serious management problems, and the measures are likely to offer massive opportunity of corruption. Similarly perhaps the announcement that 9 lacs unemployed would be offered job opportunities in the next year is wishful thinking. How?

No matter how much the government may call this a budget of the poor, the fact is that most of the additional resource mobilisation effort would be passed on to the consumers, like enhancing telephone bill, adding additional items to the list of sales tax, etc. Since they continue to exempt agricultural income from direct taxation, the ratio of enhancing direct tax revenue as a percentage of total revenue is not going to improve much.

There is no doubt that the budget makers have tried to face the real issues. To broaden the tax base, reducing bureaucracy, reducing current expenditures, reducing budgetary deficit, etc. They have tried not to play the usual tricks of "raising resources through better tax recovery efforts", by "efforts aimed at throwing savings in the current expenditures." Yet the measures are mild. Not bold, not very strong, the kind of which were required given our macroeconomic imbalances. They have of course declared the intention to reduce inflation by reducing the fiscal deficit, but that would demand a strenuous effort at observing budgetary discipline. Would they come up to it? One really doubts that.

Economic Survey Released

92AS10290 Peshawar *THE FRONTIER POST*
in English 13 May 92 p 6

[Text] Islamabad (APP)—Following are the salient points of the economic survey 1991-92, a pre-budget document released by finance division, economic adviser's wing here on Tuesday.

- Gross Domestic Product (GDP) grew at 6.4 per cent during 1991-92.
- Agriculture sector recorded growth rate of 6.4 per cent during the outgoing fiscal year.
- Cotton production went up from 9.7 million bales to 12.5 million bales during 1991-92.
- Foreign currency accounts touched the level of dollars one billion.
- Private sector fixed investment showed higher growth of 24.8 per cent as compared to 10.1 per cent in public sector fixed investment.
- Share market surged and foreign exchange reserves stabilised.
- Overall investment levels recorded increase and foreign investment climate became more attractive.
- Two-third units handed over to the private entrepreneurs out of one hundred units earmarked for privatisation.
- Import of machinery increased by 67 per cent during July-March 1991-92.
- Monetary assets during July-March, 1991-92 expanded by 12.9 per cent as against 10.6 per cent in the like period last year.
- Domestic credit expanded by 17.8 per cent during this year as against 11.7 per cent last year.
- National savings showed decline from 13.6 per cent of GNP in 1990-91 to 12.7 per cent in 1991-92.
- The Federal tax collection registered an increase of 22.6 per cent for July-March 1991-92 over the collection during the corresponding nine months of last year.
- State Bank of Pakistan general index number increased from 387.7 points in June, 1991 to 7,484.8 per cent in January 1992.
- One hundred and forty companies were listed on Karachi-Lahore stock exchange during current fiscal year.
- Aggregate market capitalisation of ordinary shares increased from Rs. 68.44 billion in June, 1991 to Rs. 178.65 billion in March 1992.
- Consumer price index showed increase by 6.24 per cent during June 1991-March 1992 as against 9.20 per cent during same period last year.
- Export increased by 13 per cent during first nine months of the current financial year over the corresponding period of last year.
- Thirteen per cent export growth was contributed by cotton cloth, raw cotton, rice, readymade garments and hosiery.
- Imports record increased by 21.3 per cent during July-March 1991-92 over corresponding period of last year.
- Worker's remittances declined by 24.9 per cent during July-March 1991-92.
- Cash foreign exchange reserves held by SBP stood at dollars 654.2 million on April 25, 1992 as compared to dollars 286.9 million on the corresponding day last year.
- Estimated amount of loans disbursed and outstanding by the close of the year to be dollars 16.5 billion.
- Debt serving to be around dollars 1,488 million during this year.
- Value added in manufacturing sector is to increase by 7.7 per cent during 1991-92 over 6.3 per cent in 1990-92. [as published]
- Mining sector is estimated to grow by 4.4 per cent during 1991-92.
- Construction of Sandak Copper-Gold project commences.
- New coal field is discovered in Tharparker with large coal deposits.
- Installed electricity generating capacity increased by five per cent from 8,508 MW during first nine months of 1990-91 to 8,928 MW during July-March 1991-92.
- Gas production recorded increase by six per cent from 10,933 mcm to 11,543 mcm.
- Telecommunication corporation installed 396,115 new telephones totalling 1,320,800 telephone during July-March this year.
- Six hundred and seventeen new public call offices were set up during this period.
- Number of vehicles on road expected to increase from 1,853,105 to 1,996,796 during this period.
- Total available resources during 1991-92 are estimated at Rs. 1,285.3 billion showing an increase of 17.7 per cent over 1990-91.

- Total investment of Rs. 224.6 billion comprised Rs. 70.3 billion from foreign savings and Rs. 154.3 billion from national savings.
- Interest on both domestic and foreign debt of federal government at Rs. 64.6 billion in 1991-92 was 31.3 per cent higher than last year.
- Currency in circulation recorded an increase of 15.2 per cent this year against 19.0 per cent in the same period last year.
- During July-March 1991-92, oil production declined on an average of 62,500 barrels per day.

Party Leader Urges Scrutiny of Defense Spending

BK1705121392 Islamabad THE MUSLIM in English
17 May 92 pp 1, 14

[Text] Islamabad, May 16—Air Marshal (Retd) Asghar Khan, chief of the Tehrik-i-Istiqlal, today called for scrutinising the defence budget.

Talking to THE MUSLIM after his arrival here from his visit to the interior of Sindh, the retired Air Marshal said, the defence expenditure is related to a country's foreign policy and as such it must serve a purpose. Pakistan, he said, had no foreign policy for the last 12 years and "we are pursuing a foreign policy dictated to us by a foreign power," he said.

He regretted that the defence expenditure in our country is not discussed by the parliament. There are many wastages in the defence spendings, adding that the defence budget in our country is a budget of a conquered country. He felt sorry that the government had no realisation about what's happening in the country. There is a dire need of accountability of defence spending. He said there was no threat from the western borders. He called for rethinking of national requirements and stopping wastages in defence.

He demanded restructuring of the army saying that the present structure of the army does not suit the country. He said Pakistan should have a smaller regular army together supplemented with a large trained citizens'

force. He said that Pakistan has followed the British system which it had on foreign lands. "We must change the defence structure."

Replying to a question, he said that he was not for involving the armed forces in political affairs of the country. He criticised those who were lobbying for the idea of giving a role to the armed forces in the present system. He said instead of having a democratic system, some people here would like the army to step in and they openly wooed generals. He described it a sorry state of affairs. He said he did not see any immediate possibility for the imposition of Martial Law, but if the government persisted with its narrow approach this possibility could become imminent and real. He said the government should give the people the choice to change the government after a regular period. No government, he said, has lasted for five years. About the budget, he said it did not carry the importance it should have in a democratic country. The budget, he said, does not enjoy any credibility. The rulers, he said, are oblivious of the poverty of the masses.

About the talks between the opposition and the government, Asghar Khan said, in a democracy such talks should be normal but in Pakistan such negotiations are an event.

He said fresh elections is the one issue on which both the government and the opposition should hold talks. "We cannot be party to loot and plunder," he said. He said the talks between the two sides should be confined to timing and mode of the elections and formation of the caretaker government.

Talking about the situation in Sindh, he said the things are in terrible shape and the Sindhis are frightened from the police and dacoits alike. He said the elections in Sanghar were a big joke as nobody came to vote. Sindh, he said, was being ruled by the two sons of Jam Sadiq Ali in league with Marwat, the son-in-law of the president. He said that nothing has changed in Sindh except the style.

Talking about the AZO [Al-Zulfikar Organization] affair, Asghar Khan described it as a farce. He said that the navy has been involved in it.

Child Labor Said Widespread Social Problem

92AS0992C Peshawar THE FRONTIER POST
in English 1 May 92 p 11

[Article by Riaz Bangash: "Child Labour in Pakistan"; quotation marks as published]

[Text] The term "childhood" creates an image of little ones busy at play, or going to school, or happily absorbed in animated chats with friends. Normally, it is the time for playing, for learning and for slow maturation into productive adulthood.

Childhood for many children in Pakistan, however, as in most developing countries, presents a different picture. Children are seen working in the fields, tending cattle, weaving carpets, repairing autos, working in small hotels and tea stalls, picking waste items from trash, toiling at brick kilns, running errands as domestic servants, etc. They are the children who are burdened beyond their age with family responsibilities. They don't enjoy the childhood.

A number of legislations in Pakistan ban the labour of children. Unfortunately, in spite of all these legislations, child labour is still widespread in the country, due to prevailing conditions. "Mankind owes to the child the best it has to give..." (declaration of the child)

"No child below the age of fourteen shall be engaged in any factory or mine or in any other hazardous employment."

"All forms of forced labour and traffic in human beings are prohibited." (Constitution of Islamic Republic of Pakistan, article II)

"State parties recognise the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or interferes with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral and social development."

(Convention of the rights of child article-32)

Although a large number of children in Pakistan are at work, yet little attention is paid to child workers, their needs, obligations, aspirations. This monograph aims to enable all of us to become acquainted with the working children and their problems.

According to the UNICEF survey report 1990-91, approximately 30 million children were between the age of five and 15 in Pakistan. It is estimated that a minimum of eight million children under the age of 15 are fast at work in fields as domestic servants, at brick kiln sites, weaving carpets, in small industries and workshops at home, over burdened with domestic chores on the streets...etc.

In Pakistan, children participate fully in most spheres of economic activity of the country. They work under a variety of circumstances ranging from benign to harmful, with their families and away from the home, in

skill-imparting and in mind-dulling jobs, in small confined and dark quarters and out in the open field.

Dating from the days of British India and revised over the years, a number of laws have had provisions establishing minimum condition of child employment in various sectors of the economy. However, except in a few areas such as mines where child labour has been eliminated, and large factories where it is said to be minimal, these various laws and acts are normally ignored.

The informal sector of the economy is a dynamic one in Pakistan which accounts for a large share of the economic activity of the country. The informal sector remains the largest employer of children in urban and semi-urban areas. Children thus participate fully in every activity of the informal sector of workshops, small scale unregistered neighbourhood-based industries, such as paint plants, electroplating outfits, leather work, carpet-weaving centres, cheap hotels, garages, restaurants, etc. In addition, a substantial number are 'self-employed' hawking cheap goods, shining shoes or collecting waste material.

There is probably not one garage, repair shop, sidewalk restaurant, carpet weaving centre...which does not employ, at least, one but often more children.

It is a well established fact that poverty is the main cause of the child labour, but the fact that child labour itself is responsible for the perpetuation of poverty is often overlooked. As a class, working children constitute a highly uneducated, mostly illiterate, group particularly vulnerable to exploitation and abuse. The development of the country depends to a great extent on the level of education and technical skills of human resources. The sheer number of working children in Pakistan points clearly to the fact that if the country is to develop and prosper, it cannot afford to let such a vast human potential go to waste.

Four main factors are responsible for the child labour.

- (1) Economic necessity;
- (2) Value placed on early apprenticeship of a trader;
- (3) Family tradition, father work as child;
- (4) Lack of alternative "activity" for child (free and relevant schools).

Many families, due to lack of awareness of the intrinsic value of education consider it meaningless, since experience around them confirms that a few years of schooling would have no significant impact on future employment prospects for their children. A majority of the working children have, in fact, attended schools at one time, but, too often, the humiliating and harsh attitude of the teachers, together with the irrelevance of the curriculum to their lives, lead them to drop out of schools.

Many families favour placing their children in work places where they can learn to master a trade. The majority of working children in urban areas consider themselves to be apprentices in such places. It is significant that in these cases wages are usually very low as the economic gain becomes secondary to the importance of acquiring a marketable skill.

Although childwork usually contributes to improving the family's income and some times even ensures its survival, recent surveys show that economic contribution of approximately 40 per cent of the working children is negligible.

In the absence of any acceptable alternative, parents prefer their children to work as a safe and respectable way to occupy childhood away from drug-ridden streets and other nefarious influences.

About one fourth of the urban working children are under 10 years old, more than half work for 10 hours or more a day, and 88 per cent work eight to ten hours. It is well known that most on-the-job injuries occur towards the end of the day because of exhaustion. Children work on the average longer than adults for a quarter to half the pay, or no pay at all when they either work with their family or the employer as apprentices. The working children have no rights or no bargaining power since they are usually employed illegally and hence labour laws regulating conditions of work do not apply. The children are thus at the mercy of the employers whose behaviour towards them ranges from kindness to outright abusive.

The children handle hazardous chemicals with bare hands, their faces were unprotected and they are frequently barefoot while toxic fumes remain dispersed in atmosphere due to inadequate exhaust system.

A minimum of eight million children under the age of 15 are estimated to be working in Pakistan. These children mend the autos, make pesticides, mix paint, glue card board boxes, make shoes, clean petrol tankers, shell shrimps, melt glass, shine shoes, make the cloths, varnish the furniture, serve tea, weld and electroplate...etc.

The child domestic servant is the most invisible, the most at risk and least protected among children workers. All over Pakistan, both young boys and girls are employed as servants in the middle and upper class families. They are some times said to be preferred over the adult servants because they are easier to handle. While the majority of child servants may be treated reasonably well, they remain vulnerable to abuse, including sexual abuse, especially in cases when they are living with their employers. They are entirely at the mercy of the latter, having no one and nowhere to turn in time of need. They may receive minimal wages or the money be given directly to their family, or they may simply be provided with food and place to stay in return for their work. They are totally dependent on their employers and often lead a life shut off from the outside world, having little opportunities to associate with children of their own age.

Hand-knotted carpets from Pakistan are prized all over the world and are a valuable source of foreign exchange for the country. It is estimated that a minimum of one million workers comprise the work force of this large labour intensive industry. They knot carpets in government workshops, in large and small private factories and in their own houses, especially in rural areas. The majority of these carpet weavers are children, many of whom have started working well before their tenth birthday. Children start knotting carpets at a very young age, sometimes 6, 7 as their small fingers are said to be more agile but, especially, because, at such young age, they are more docile and put up less resistance to the conditions under which they are made to work. The work is painful as well as unhealthy. With their swollen fingers, their aching lungs and their crooked backs, they make some of the world's most beautiful carpets. The Thekadar often offers an advance of money to families so that they may set up a home-based weaving unit. This acts as a powerful inducement for poor rural families to put their children to work, thereby setting off an inescapable cycle of debits which keeps the children in virtual forced labour for many years.

Child labour in the brick industry is not officially acknowledged as the head of the family alone is recognised as a labourer and the only one to be paid. In some sites, as many as 14 children for every 10 adults have been found working. Estimates of the total number of brick kilns in the country vary so widely that it is impossible to know the exact number of labourers involved in this industry. A tentative estimate by the president of brick kiln owners federation places the number of brick kilns in Pakistan at 6,000 with an average of 250,000 labourers. A minimum of 250,000 children live and work on brick kiln sites throughout the country in great social isolation. Totally illiterate and with little hope to ever escape their condition of abject dependence, the children start working alongside their parents at a young age, six and eight.

They work for long hours, starting at dawn during the hot season and working until late in the afternoon with a short break during the day. There is typically no shade on the working grounds and they are exposed to the scorching sun in the summer and suffer severe cold in the winter. They work barefoot and continuously inhale fine dust from the clay and noxious gases from the coal burning kilns.

The financial arrangement of lending/borrowing known as Peshgi system, which is at the core of the problem is actually a complex one. The labourer and his family are virtual prisoners of the owners, as until the Peshgi is fully repaid.

They need special permission—not always granted—to leave the work premises for any length of time. Physical abuses, including rape of the women and abduction of family members, have been reported, illustrating the "captive" and powerless states of a large number of brick kiln workers.

Although pledging one's work or that of others in return for advance is illegal in Pakistan, the lack of effective legal remedies, illiteracy, psycho dependence on advances, lack of alternative employment, and the social forces which sanction the practice are all combined to allow bonded labour to continue.

With over 70 per cent of the population living in rural areas, Pakistan is still largely an agricultural society. It is thus not surprising that the agricultural sector continues to be the largest employer of children. Several million children work the land and tend the cattle. How many millions? No one knows. Does anyone even care? At first sight, the fact that these children work along side their families, would seem to give them an enviable place among child workers. In some parts of the country, the feudal system is still going strong and whole families,

including the children de facto belong to the landlord to whom the families are indebted. Serious efforts to ensure that services reach children working on the land should be made or a valuable part of the country's human potential will be wasted.

Let us pause and think; is he (the working child) the future of the country?

The children cannot wait indefinitely for new laws and the social climate to make a difference in their life. Efforts to break their isolation, to integrate them in the surroundings, schools and accelerated programmes of education must start immediately. Working children are at risk, they deserve our attention. A national policy for a truly free, available relevant education must be framed, adopted and implemented.

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